

CHANDNI MACHINES LIMITED

(FORMERLY KNOWN AS CHANDNI MACHINES PRIVATE LIMITED)

ANNUAL REPORT 2018-19

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Jayesh Ramniklal Mehta
(Chairman & Managing Director)

Mrs. Amita Jayesh Mehta
(Non-Executive Director)

Mr. Bharat Keshavlal Shah
(Executive Director)

Mr. Rameshchand Garg
(Additional & Independent Non-Executive Director)

Mr. Vasant Gaurishankar Joshi
(Additional & Independent Non-Executive Director)

Mr. Bharat Sugnomal Bhatia
(Additional & Independent Non-Executive Director)

CHIEF FINANCIAL OFFICER

Mr. Bharat Keshavlal Shah

COMPANY SECRETARY

Ms. Ekta Kheria (Appointed w.e.f. 20.09.2018)

AUDIT COMMITTEE

Mr. Vasant Gaurishankar Joshi- (Chairman)

Mr. Bharat Sugnomal Bhatia- (Member)

Mr. Jayesh Ramniklal Mehta- (Member)

NOMINATION & REMUNERATION COMMITTEE

Mr. Bharat Sugnomal Bhatia- (Chairman)

Mr. Vasant Gaurishankar Josh-(Member)

Mr. Rameshchand Garg- (Member)

STAKEHOLDER RELATIONSHIP COMMITTEE

Mr. Rameshchand Garg – (Chairman)

Mr. Vasant Gaurishankar Josh-(Member)

Mr. Bharat Sugnomal Bhatia – (Member)

BANKERS

HDFC Bank Limited

STATUTORY AUDITORS

M/s. Ambavat Jain & Associates LLP,
Chartered Accountants

SECRETARIAL AUDITORS

M/s. Ajay Anil Thorat & Associates

REGISTERED OFFICE ADDRESS

110, T.V. Industrial Estate
52, S.K. Ahire Marg,
Worli, Mumbai- 400030
Email id: jrgroup@jrmehta.com

WAREHOUSE ADDRESS

Survey No.- 22/1, Ringanwada,
Kachigam Road, Nani Daman, Daman-396210

CORPORATE WEBSITE

www.cml.net.in

REGISTRAR & SHARE TRANSFER AGENT

Purva Sharegistry (India) Private Limited
9, Shiv Shakti Industrial Estate, Ground Floor,
Sitaram Mill Compound, Lower Parel,
Mumbai- 400011

Tel: No.: 022-23012518/ 2306761

Email Id: support@purvashare.com

INDEX

| S.NO. | PARTICULARS | PAGE NO. |
|--------------|--|-----------------|
| 1. | NOTICE OF AGM | 4-21 |
| 2. | BOARD'S REPORT AND RELEVANT ANNEXURES | 22-52 |
| 3. | MANAGEMENT DISCUSSION AND ANALYSIS REPORT | 53-56 |
| 4. | INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS | 57-65 |
| 5. | BALANCE SHEET AS AT 31 ST MARCH, 2019 | 66 |
| 6. | STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 ST MARCH, 2019 | 67 |
| 7. | CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH, 2019 | 68 |
| 8. | STATEMENT OF CHANGES IN EQUITY | 69 |
| 9. | NOTES TO THE FINANCIAL STATEMENTS | 70-95 |

NOTICE 3RD ANNUAL GENERAL MEETING

Notice is hereby given that the 3rd Annual General Meeting of the Members of Chandni Machines Limited (formerly known as Chandni Machines Private Limited) will be held on Friday, 27th of September, 2019 at 02:00 P.M. The Park Club Ltd., North Keluskar Road, Shivaji Park, Opposite to Scout Hall, Dadar (West), Mumbai – 400028, Maharashtra, India to transact the following business, with or without modification(s), as may be permissible:

ORDINARY BUSINESS:

1. Adoption of the Financial Statement

To receive, consider, approve and adopt the Standalone Audited Financial Statements of the Company for the financial year ended March 31st, 2019 together with the Reports of the Auditors and Board of Directors thereon;

2. Re-appointment of Director retiring by rotation

To appoint a Director in place of Mrs. Amita Jayesh Mehta (DIN: 00193075), who retires by rotation and being eligible offers herself for re-appointment;

SPECIAL BUSINESS:

3. Appointment of Mr. Vasant Gaurishankar Joshi (DIN:00193105) as an Independent Director of the Company

To consider and if thought fit, to pass, the following resolution as an **ordinary resolution**:

“RESOLVED THAT pursuant to the provisions of section 149, 152 and other applicable provisions, if any, of the Companies Act, 2019 (“the Act”), and the rules framed thereunder, read with Schedule IV of the Act, as amended from time to time, and other applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Vasant Gaurishankar Joshi (DIN:00193105), who was appointed as an Additional Director (Non-executive Independent) by the Board of Directors w.e.f. 20th September, 2018 and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Act and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for the first term of appointment till 19th September, 2023.”

4. Appointment of Mr. Bharat Sugnomal Bhatia (DIN:00195275) as an Independent Director of the Company

To consider and if thought fit, to pass, the following resolution as an **ordinary resolution**:

“RESOLVED THAT pursuant to the provisions of section 149, 152 and other applicable provisions, if any, of the Companies Act, 2019 (“the Act”), and the rules framed thereunder, read with Schedule IV of the Act, as amended from time to time, and other applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Bharat Sugnomal Bhatia (DIN:00195275), who was appointed as an Additional Director (Non-executive Independent) by the Board of Directors w.e.f. 20th September, 2018 and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Act and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for the first term of appointment till 19th September, 2023.”

5. Appointment of Mr. Rameshchand Garg (DIN: 03346742) as an Independent Director of the Company

To consider and if thought fit, to pass, the following resolution as an **ordinary resolution**:

“RESOLVED THAT pursuant to the provisions of section 149, 152 and other applicable provisions, if any, of the Companies Act, 2019 (“the Act”), and the rules framed thereunder, read with Schedule IV of the Act, as amended from time to time, and other applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Rameshchand Garg (DIN: 03346742), who was appointed as an Additional Director (Non-executive Independent) by the Board of Directors w.e.f. 20th September, 2018 and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Act and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for the first term of appointment till 19th September, 2023.”

6. Appointment of Mr. Jayesh Ramniklal Mehta (DIN:00193029) as a Managing Director of the Company

To consider and if thought fit, to pass, the following resolution as an **ordinary resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, and 203 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013 read with the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Amendment) Act, 2017 (including any statutory modifications or re-enactment(s) thereof, for the time being in force), and as approved by the Board of Directors of the Company the consent of the Members of the Company be and is hereby accorded for appointment of **Mr. Jayesh Ramniklal Mehta (DIN: 00193029)** as a Managing Director of the Company, not liable to retire by rotation for a period of 5 years with effect from 20th September, 2018 at an aggregated remuneration, perquisites and benefits not exceeding 5,40,000 /- p.a. (Rupees Five lakh Forty Thousand Per Annum) and upon such terms and conditions as approved by the Board of Directors of the company with the power to vary, alter, determine the remuneration and terms of appointment thereon, from time to time:

1. Basic Salary 27,272 /- per month

2. In addition to the above salary, he will be entitled to the perquisites, allowances and benefits like residential accommodation (whether furnished or unfurnished) or house rent allowance in lieu thereof, reimbursement of expenses in respect of utilities like gas, electricity and water, furnishing and repairs, medical reimbursement for self and his family, personal accident insurance, chauffeur driven cars or conveyance allowance in lieu thereof, telephones and such other benefits in the nature of perquisites and/or allowances, as per Company Policy from time to time or as may be decided by the Board.
3. Mr. Jayesh Ramniklal Mehta shall also be eligible to the following perquisites, which shall not be included in the computation of the ceiling of remuneration:
 - (a) Company's contribution to Provident Fund
 - (b) Gratuity
 - (c) Leave with Full pay. Encashment of leave at the end of tenure is permitted.

Provided that the aggregate amount of remuneration covering the basic salary, perquisites and benefits payable to such director and in aggregate to all such directors should not exceed the prescribed percentage of the Net Profit of the company in each year as provided under section 197 read with Schedule V of the Companies Act, 2013 as may be in force from time to time;

RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any financial year, Mr. Jayesh Ramniklal Mehta shall be paid remuneration by way of salary, perquisites and other allowances as specified subject to the ceiling specified in the amended Section II of Part II of Schedule V of the Companies Act, 2013 as may be in force from time to time;

RESOLVED FURTHER THAT any of the Directors of the Company, be and is hereby severally authorized to do all such acts, deed, matters and things as may be considered necessary, desirable or expedient in this regard to give effect to this resolution."

By Order of the Board of Directors
For Chandni Machines Limited
(formerly known as Chandni Machines Private Limited)

Jayesh R Mehta
(DIN: 00193029)
Chairman & Managing Director

Date: 14.08.2019
Place: Mumbai

Registered Office:
110, T.V. Industrial Estate,
52, S.K. Ahire Marg,
Worli, Mumbai-400030

NOTES:

1. An Explanatory Statement pursuant to section 102(1) of the Companies Act, 2013, relating to the Special Business under item no. 3 to 6 to be transacted at the Annual General Meeting is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Pursuant to Section 105 of the Companies Act, 2013, a person can act as a Proxy on behalf of not more than 50 Members holding in aggregate not more than 10 percent of the total share capital of the Company carrying voting rights. If a person is appointed for more than 50 Members, the Proxy shall choose any fifty Members and confirm the same to the Company not later than 48 hours before the commencement of the meeting. In case, Proxy fails to do so, only the first fifty proxies received by the Company shall be considered as valid. The instrument of proxy, in order to be effective, should be deposited, either in person or through post, at the Registered Office of the Company. Duly completed and signed, not later than 48 hours, before the Commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies etc. must be supported by an appropriate resolution / letter of authority, as applicable.

3. Members/ Proxies should bring their duly filled Attendance slips enclosed herewith for attending the AGM.
4. Corporate Members intending to send their authorised representative to attend the AGM, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of the Board Resolution together with the respective specimen signature of those representative(s) authorized under the said resolution to attend and vote on their behalf at the meeting.
5. Pursuant to Section 91 of the Companies Act, 2013, and Rule 10 of the Companies (Management and Administration) Rules, 2014 read with Regulation 42 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Register of Members and Share Transfer Books of the Company will remain closed from 21st September, 2019 to 27th September, 2019 (both days inclusive).
6. During the period beginning 24 hours before the time fixed for the commencement of the AGM and until the conclusion of the meeting, a member would be entitled to inspect the proxies lodged during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
7. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can transferred only in dematerialized form with effect from 1st April, 2019 except in case of request received for transmission or transposition of securities. In view of this to eliminate all risks associated with physical shares and for the ease of portfolio management, members holding shares in physical form are requested to consider converting their holding to dematerialized

form. Members can contact the Company or Company's Registrar and Share Transfer Agent i.e. Purva Sharegistry (India) Private Limited for assistance in this regard.

8. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participant(s) with whom they maintain their demat accounts. Members holding shares in physical forms should submit their PAN to the RTA of the Company of to the Company.
9. Members holding shares in electronic mode are requested to intimate any change in their address or bank mandate to their Depository participants ("DPs") with whom they are maintaining their demat accounts. Members holding shares in physical mode are requested to advise any change in their address or bank mandated to the Company's Registrar and Transfer Agents i.e., Purva Sharegistry (India) private Limited.
10. We urge members to support our commitment to environmental protection by choosing to receive the Company's communication through e-mail. You can do this by updating your email addresses with your depository participants.
11. Details as required in Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and clause 1.2.5 of Secretarial Standards on General meetings (SS-2) in respect of the Directors seeking appointment at the AGM is attached as Annexure, forming part of this Report.
12. Pursuant to Section 101 and Section 136 of the Companies Act, 2013, copies of the Annual Report for Financial Year 2018-2019 along with the Notice of the AGM, Attendance Slip and Proxy Forms are being sent by electronic mode only to those Members whose e-mail addresses are registered with the Company/ Depository Participant(s) ("DPs") for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their e-mail addresses, physical copies of the Annual Report, etc. are being sent by the permitted mode. The Annual Report are being sent to the Members, whose names shall appear in the Register of Members or in case of shares held in electronic form, who were the beneficial owners as on Friday, 20th September, 2019. However, if such a person is not a Member on the cut-off date of Friday, 20th September, 2019 such person shall not be eligible to vote via remote e-voting or at AGM and may treat this Notice for information purpose only. Members may also note that the Annual Report of the Company is also available for download from the website of the Company www.cml.net.in
13. In case of Joint Holders attending the AGM, the Member whose name appears as the First holder in the order of names as per the Register of members of the Company will be entitled to vote.
14. The Register of Directors and Key Managerial Personnel and their shareholding and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 170 and Section 189 of the Companies Act, 2013 respectively, will be available for inspection by the Members at the AGM.

15. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during the office hours on all working days between 10:00 a.m. and 05:30 p.m. up to the date of the Annual General Meeting (AGM) of the Company.
16. Resolutions passed by the Members through e-voting are deemed to have been passed as if they have been passed at the AGM of the Company.
17. The Members who have cast their vote by remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again.

18. VOTING THROUGH ELECTRONIC MEANS

- i. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of SEBI Listing Regulations, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolution proposed to be passed at the 3RD AGM by the electronic means. The Members, whose name appears in the Register of Members, as on 20th September, 2019 i.e., date prior to the commencement of book closure, being the cut-off date, are entitled to vote on the resolutions set forth in this Notice. Members may cast their vote on electronic voting system from any place other than the venue of the meeting (remote e-voting). The business may be transacted through e-voting rendered by Central Depository of India (CDSL) Limited.
- ii. Members who have registered their email-ids with the depositories or with the Company are being sent Notice by e-mail and the members who have not registered their email IDs will receive Notice through post/courier.
- iii. The facility for voting through ballot paper shall be made available at the AGM and the Members attending meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- iv. The voting period begins on Tuesday, 24th September, 2019 at 10:00 A.M. and ends on September 26, 2019 at 05:00 P.M. During this period Members of the Company, holding shares in dematerialized form, as on the cut –off date (record date) September 20, 2019, may cast their vote electronically. The e-voting module shall be disable by CDSL for voting thereafter.
- v. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and the e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

The instructions for shareholders voting electronically are as under:

- (a) The Members should log on to the e-voting website www.evotingindia.com
- (b) Click on Shareholders tab.
- (c) Now enter your User Id

- a. For CDSL: 16 digits Beneficiary ID
 - b. For NSDL: 8 character DP ID followed by 8 Digit Client ID
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (d) Next enter the image verification as displayed and Click on Login.
- (e) If you are holding shares in demat form and has logged on to www.evotingindia.com and casted your vote earlier for any Company, then your existing password is to be used.
- (f) If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and in Physical Form | |
|--|---|
| PAN | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg: If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| DOB | <p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p> |
| Dividend Bank Details | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id/ folio number in the Dividend Bank details field as mentioned in instruction (iv) |

- (g) After entering these details appropriately, click on "SUBMIT" tab.
- (h) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (i) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

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- (j) Click on the Electronic Voting Sequence Number ("EVSN") for the relevant "CHANDNI MACHINES LIMITED" on which you choose to vote.
- (k) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (l) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution DETAILS.
- (m) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (n) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (o) You can also take print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (p) If Demat account holder has forgotten the same password then enter the User ID and the Image
- (q) Verification Code and click on Forgot Password & enter the details as prompted by the system.
- (r) **Note for Non-Individuals Shareholders and Custodians:**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

19. The Board of Directors of the Company has appointed Mr. Ashutosh Somani, Partner S P K G & Co. LLP, Mumbai as the Scrutinizer to scrutinize the e-voting and voting process at the AGM in a fair and transparent manner.

20. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
21. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.cml.net.in and on the website of CDSL immediately after the declaration of result by the Chairman or person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, where the shares of the Company are listed.
22. A member can opt for only one mode i.e. either through e-voting or voting at the AGM. If a member casts votes by both modes, then voting done through remote e-voting shall prevail and the voting at AGM meeting shall be treated as invalid.
23. A Route Map showing directions to reach to the venue of the AGM is given at the end of this Notice as required under Secretarial Standard on General Meeting (SS-2) issued by the ICSI.

EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 3

Mr. Vasant Gaurishankar Joshi (DIN:00193105) was appointed as an Additional Director (Non-Executive Independent) of the Company, by the Board of Directors of the Company on 20th September, 2018 and holding office upto the date of the ensuing Annual General Meeting of the Members of the Company.

Mr. Vasant Gaurishankar Joshi has given his consent to act as an Independent Director of the Company, along with a Declaration stating that he is not disqualified from being appointed as a Director in the Company in terms of Section 164 of the Companies Act, 2013. Further, he has submitted the declaration as required pursuant to Section 149(7) of the Act stating that he meets the criteria for Independence as provided in sub section (6) of Section 149 of the Act.

In the opinion of the board, Mr. Vasant Gaurishankar Joshi fulfils the conditions specified in the Companies Act, 2013 and the Listing Regulations for appointment as Independent Director and he is independent of the management. Given Mr. Vasant Gaurishankar Joshi's expertise, your board is of the view that Mr. Vasant Gaurishankar Joshi's appointment as an Independent Director would be of immense value to the Company.

As per the provisions of section 149 of the Act, Independent Director shall hold office for a term upto five consecutive years on the Board of the Company and is not liable to retire by rotation. In compliance with the provisions of section 149 of the Act read with Schedule IV of the Act, the appointment of Mr. Vasant Gaurishankar Joshi, as an Independent Director is now being placed before the members in general meeting for their approval.

The brief profile of Mr. Vasant Gaurishankar Joshi as per the requirements of the Companies Act, 2013, and the SEBI Listing Regulations and the rules made thereunder and the Secretarial Standard on General meetings (SS-2) are given in Annexure – I, forming part of this Explanatory Statement.

Except, Mr. Vasant Gaurishankar Joshi, none of the Directors, Key Managerial Personnel of the Company or their relatives are deemed to be interested or concerned, financially or otherwise in the said resolution.

The Board recommends the resolution set out under Item No. 3, for approval of the Members of the Company by way of an Ordinary Resolution.

Item No. 4

Mr. Bharat Sugnomal Bhatia (DIN:00195275) was appointed as an Additional Director (Independent) of the Company, by the Board of Directors of the Company on 20th September, 2018 and holding office upto the date of the ensuing Annual General Meeting of the Members of the Company.

Mr. Bharat Sugnomal Bhatia has given his consent to act as an Independent Director of the Company, along with a Declaration stating that he is not disqualified from being appointed as a Director in the Company in terms of Section 164 of the Companies Act, 2013. Further, he has

submitted the declaration as required pursuant to Section 149(7) of the Act stating that he meets the criteria for Independence as provided in sub section (6) of Section 149 of the Act.

In the opinion of the board, Mr. Bharat Sugnomal Bhatia fulfils the conditions specified in the Companies Act, 2013 and the Listing Regulations fort appointment as Independent Director and he is independent of the management. Given Mr. Bharat Sugnomal Bhatia's expertise, your board is of the view that Mr. Bharat Sugnomal Bhatia's appointment as an Independent Director would be of immense value to the Company.

As per the provisions of section 149 of the Act, Independent Director shall hold office for a term upto five consecutive years on the Board of the Company and is not liable to retire by rotation. In compliance with the provisions of section 149 of the Act read with Schedule IV of the Act, the appointment of Mr. Bharat Sugnomal Bhatia, as an Independent Director is now being placed before the members in general meeting for their approval.

The brief profile of Mr. Bharat Sugnomal Bhatia as per the requirements of the Companies Act, 2013, and the SEBI Listing Regulations and the rules made thereunder and the Secretarial Standard on General meetings (SS-2) are given in Annexure – I, forming part of this Explanatory Statement.

Except, Mr. Bharat Sugnomal Bhatia, none of the Directors, Key managerial Personnel of the Company or their relatives are deemed to be interested or concerned, financially or otherwise in the said resolution.

The Board recommends the resolution set out under Item No. 3, for approval of the Members of the Company by way of an Ordinary Resolution.

Item No. 5

Mr. Rameshchand Garg (DIN:03346742) was appointed as an Additional Director (Independent) of the Company, by the Board of Directors of the Company on 20th September, 2018 and holding office upto the date of the ensuing Annual General Meeting of the Members of the Company.

Mr. Rameshchand Garg has given his consent to act as an Independent Director of the Company, along with a Declaration stating that he is not disqualified from being appointed as a Director in the Company in terms of Section 164 of the Companies Act, 2013. Further, he has submitted the declaration as required pursuant to Section 149(7) of the Act stating that he meets the criteria for Independence as provided in sub section (6) of Section 149 of the Act.

In the opinion of the board, Mr. Rameshchand Garg fulfils the conditions specified in the Companies Act, 2013 and the Listing Regulations fort appointment as Independent Director and he is independent of the management. Given Mr. Rameshchand Garg's expertise, your board is of the view that Mr. Rameshchand Garg's appointment as an Independent Director would be of immense value to the Company.

As per the provisions of section 149 of the Act, Independent Director shall hold office for a term upto five consecutive years on the Board of the Company and is not liable to retire by rotation. In compliance with the provisions of section 149 of the Act read with Schedule IV of the Act, the

appointment of Mr. Bharat Sugnomal Bhatia, as an Independent Director is now being placed before the members in general meeting for their approval.

The brief profile of Mr. Rameshchand Garg as per the requirements of the Companies Act, 2013, and the SEBI Listing Regulations and the rules made thereunder and the Secretarial Standard on General meetings (SS-2) are given in Annexure – I, forming part of this Explanatory Statement.

Except, Mr. Rameshchand Garg, none of the Directors, Key managerial Personnel of the Company or their relatives are deemed to be interested or concerned, financially or otherwise in the said resolution.

The Board recommends the resolution set out under Item No. 3, for approval of the Members of the Company by way of an Ordinary Resolution.

Item No. 6

Mr. Jayesh Ramniklal Mehta (DIN: 00193029), a Textile Engineer (LTM) from VJTI, is a Promoter of the Company and has played a prominent role in growth of the Company. It is under his guidance and leadership that the business of the Company has increased manifold.

The Board of Directors of the Company at its meeting held on 20th September, 2018 approved the appointment of Mr. Jayesh Ramniklal Mehta as the Managing Director of the Company for a period of five years starting from 20th September, 2018 to 19th September, 2023.

Your Directors recommend the appointment of Mr. Jayesh Ramniklal Mehta as a Managing Director.

The terms and conditions, including remuneration payable to Mr. Jayesh Ramniklal Mehta are set out in the resolution in the Item no. 6 of the Notice.

Save and except Mr. Jayesh Ramniklal Mehta and Mrs. Amita Jayesh Mehta, who is the wife of Mr. Jayesh Ramniklal Mehta, none of the other Directors, Key Managerial Personnel, or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution at Item no. 6.

Annexure-I

Information on Directors seeking appointment at the ensuing Annual General Meeting pursuant to Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and clause 1.2.5 of Secretarial Standards on General Meeting (SS-2):

| Name | Mrs. Amita Jayesh Mehta | Mr. Vasant Gaurishankar Joshi | Mr. Bharat Sugnomal Bhatia | Mr. Rameshchand Garg | Mr. Jayesh Ramniklal Bhatia |
|---|--|--|--|--|---|
| Date of Birth | 01.11.1963 | 25.12.1941 | 20.07.1939 | 06.07.1955 | 15.08.1962 |
| Qualification | Commerce Graduate | Commerce Graduate | PhD in Investment Banking | Commerce Graduate | |
| Brief Profile including Expertise in specific Functional Area | Mrs. Amita J Mehta deals with the sourcing of Materials. | He has an experience of almost 48 years in the field of accounts, administration and indirect taxes. | He is associated with the working of development of financial institution for Medium and Large scale companies throughout the country. He also has exposure to International Finance(ADB, GDR, ECB). | He has experience in the field of sales-tax, income tax, account finalization etc. | He has 30 years of experience in the textile industry. He has vast knowledge of import/ manufacture of textile industry and all types of machinery. |
| Date of first appointment on the Board | 12/04/2016 | 20/09/2018 | 20/09/2018 | 20/09/2018 | 12/04/2016 |
| Shareholding in the Company | 17.10% (551925 equity shares of Rs. 10/- each) | 0.00% (2 equity shares of Rs. 10/- each) | NIL | NIL | 25.98% (838418 equity shares of Rs. 10/- each) |
| The number of meetings of the Board attended during the financial year 2018-2019 | 5 | 3 | 3 | 3 | 8 |

| Directorship in other Listed Companies | Chandni Textiles Engineering Industries Limited | Chandni Textiles Engineering Industries Limited | Chandni Textiles Engineering Industries Limited | Chandni Textiles Engineering Industries Limited | Chandni Textiles Engineering Industries Limited |
|--|---|--|---|---|---|
| Membership/Chairmanship of Committees of other Board as on 31st March, 2019. | NIL | Chandni Textiles Engineering Industries Limited- 1. Audit Committee - Member 2. Nomination & Remuneration Committee Member 3. Stakeholder Relationship Committee - Chairman | Chandni Textiles Engineering Industries Limited- 1. Audit Committee - Member 2. Nomination & Remuneration Committee - Chairman 3. Stakeholder Relationship Committee -Member | Chandni Textiles Engineering Industries Limited- 1. Audit Committee - Chairman 2. Nomination & Remuneration Committee - Member 3. Stakeholder Relationship Committee -Member | NIL |

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

| | |
|-------------------------|--|
| Name of the member (s): | |
| Registered address: | |
| E-mail Id: | |
| Folio No/ Client Id: | |
| DP ID: | |

I/We, being the member(s) holding _____ No. Of Equity shares of Chandni Machines Limited, hereby appoint:

1. Name: _____ Address: _____
E-mail Id: _____ Signature: _____, or failing him/ her;

2. Name: _____ Address: _____
E-mail Id: _____ Signature: _____, or failing him/ her;

3. Name: _____ Address: _____
E-mail Id: _____ Signature: _____, or failing him/ her;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 3rd Annual General Meeting of the Company, to be held on the Friday, 27th September, 2019 at 02:00 P.M. at The Park Club Ltd., North Keluskar Road,, Shivaji park, Opp. Scout Hall, Dadar West, Mumbai – 400028, Maharashtra and at any adjournment thereof in respect of such resolutions as are indicated below:

| | Particulars of Resolution | For | Against |
|----|---|-----|---------|
| | ORDINARY RESOLUTION | | |
| 1. | To receive, consider and adopt the Standalone Audited Financial Statements of the Company for the financial year ended March 31, 2018 together with the Reports of the Auditors and Board of Directors thereon; | | |
| 2. | To appoint a Director in place of Mrs. Amita Jayesh Mehta (DIN: 00193075), who retires by rotation and being eligible offers herself for re-appointment | | |
| | SPECIAL BUSINESS | | |
| 3. | Appointment of Mr. Vasant Gaurishankar Joshi (DIN:00193105) as an Independent Director | | |
| 4. | Appointment of Mr. Bharat Sugnomal Bhatia (DIN:00195275) as an Independent Director | | |
| 5. | Appointment of Mr. Rameshchand Garg (DIN:03346742) as an Independent Director | | |
| 6. | Appointment of Mr. Jayesh Ramniklal Mehta (DIN:00193029) as a Managing Director | | |

Signed this ____ day of _____, 2019

Signature of shareholder

Signature of shareholder

Affix 1/-
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

ATTENDANCE SLIP

3RD ANNUAL GENERAL MEETING

| | |
|---|--|
| Folio No. / DP ID Client ID No. | |
| Name of First named Member/Proxy/ Authorised Representative | |
| Name of Joint Member(s), if any: | |
| No. of Shares held | |

I/we certify that I/we am/are member(s)/proxy for the member(s) of the Company.

I/we hereby record my/our presence at the 3RD Annual General Meeting of the Company being held on Friday, 27th day of September, 2019 at 02:00 p.m. at The Park Club Ltd., North Keluskar Road, Shivaji park, Opp. Scout Hall, Dadar West, Mumbai – 400028, Maharashtra

Member's/ Proxy's Signature

.....**Cut Here**.....

ELECTRONIC VOTING PARTICULARS

| EVSN (e-Voting Sequence Number) | User Id | Pan/ Seq. No. |
|--|----------------|----------------------|
| | | |

Note: Please read the complete instructions given under the Note (The instructions for shareholders voting electronically) to the Notice of Annual General Meeting. The voting starts from Tuesday, 24th September, 2019 from 10:00 a.m. and ends on Thursday, 26th September, 2019 at 05:00 P.M. the voting module shall be disabled by the CDSL for voting thereafter.

Note: Members attending the Meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

Dear Shareholders,

This is to inform you that the company is in the process of updation of records of the shareholders in order to reduce the physical documentation as far as possible.

With new BSE listing agreement, it is mandatory for all the investors including transferors to complete their KYC information. Hence, we have to update your PAN, Phone no., and email id in our records.

We would like to update your current signature records in our system.

To achieve this we solicit your co-operation in providing the following details to us:

1. If you are holding the shares in dematerialized form you may update all your records with your depository participant (DP).
2. If you are holding shares in physical form, you may provide the following:

Folio No.:

PAN:

Email ID:

Telephone No.:

Name and Signatures: (i)

(ii)

(iii)

Thanking you,

For Chandni Machines Limited

(formerly known as Chandni Machines Private Limited)

Sd/-

Ekta Kheria

(Company Secretary & Compliance Officer)

ROUTE MAP TO REACH THE VENUE OF 3RD ANNUAL GENERAL MEETING

Venue: The Park Club Ltd., North Keluskar Road, Shivaji Park, Opp. Scout Hall, Dadar West, Mumbai – 400028, Maharashtra.



DIRECTORS' REPORT

To
The Members
Chandni Machines Limited,
(formerly known as Chandni Machines Limited)

Your Directors have pleasure in presenting the 3rd Annual Report on the business and operations of the Company together with the audited accounts for the financial year ended on 31st March, 2019.

1. FINANCIAL SUMMARY /PERFORMANCE OF THE COMPANY

Financial performance of your Company for the financial year ended 31st March, 2019 is summarized below:

(In Rs.)

| Particulars | Standalone | |
|--|---------------------|---------------------|
| | March 31, 2019 | March 31, 2018 |
| Revenue from Operations | 11,25,23,244 | 19,74,87,177 |
| Other Income | 47,27,738 | 11,14,841 |
| Total Revenue | 11,72,50,982 | 19,86,02,018 |
| Profit before Depreciation, Interest and Tax (PBDIT) | 14,48,541 | 1,11,04,779 |
| Less: Depreciation | (99,194) | (12,932) |
| Less: Finance Cost | - | (77,290) |
| Profit Before Tax | 13,49,347 | 1,10,14,557 |
| Provision for Tax : | | |
| Current Tax | 2,85,104 | (30,50,000) |
| Deferred tax | 1,43,299 | 2,49,600 |
| Profit/(Loss) After Tax | 9,20,943 | 82,14,157 |
| Add: Profit of Demerged undertaking from 01/07/2016 i.e. Appointed Date to 31/03/2017 transferred from CTEIL in pursuance to scheme of demerger | - | 55,02,216 |
| Balance brought forward from previous year | 1,37,16,373 | |
| Balance carried to Balance sheet | 1,46,37,316 | 1,37,16,373 |

2. REVIEW OF OPERATIONS

During the year under review, the Revenue of the company decreased to 11,25,23,244/- as compared to 19,86,02,018 in previous year. The Profit before Tax has also decreased to 13,49,347 /- as compared to 1,10,14,557 in previous year. The Net Profit of the Company decreased from 82,14,157/- in previous year to 9,20,943 in the current year.

3. IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS (Ind AS)

The Financial Statement for the year ended 31st March, 2019 have been prepared in accordance with the Indian Accounting Standard (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and other relevant provisions of the Act.

4. DIVIDENDS

The Directors of your Company after considering holistically the relevant circumstances has decided that it would be prudent not to recommend any dividend for the year under review.

5. TRANSFER TO RESERVES

The Directors have decided to retain the entire amount of 1,46,37,316 in the retained earnings.

6. SCHEME OF ARRANGEMENT - DEMERGER

The composite Scheme of Arrangement (Demerger) ("Scheme") between Chandni Textiles Engineering Industries Limited ("CTEIL") ("Demerged Company") and Chandni Machines Private Limited ("CMPL") ("Resulting Company") and their respective shareholders and creditors was sanctioned by the National Company Law Tribunal, Bench at Mumbai vide its order dated 04th January, 2018. The Scheme became effective from 24th January, 2018 and the appointed date was 1st July, 2016.

Pursuant to the Scheme, the Resulting Company got converted from private limited company to public limited company i.e. from Chandni Machines Private Limited to Chandni Machines Limited (CML) vide fresh certificate of incorporation issued by Registrar of Companies, Mumbai dated 26th day of July, 2018.

Further, in consideration of the Scheme, the Demerged Company had fixed 20th August, 2018 as the record date to determine its shareholder who would be entitled to the shares of the Resulting Company in the share entitlement ratio of 1:5 i.e., 1 (One) equity share of 10/- (Rupees Ten Only) each in CML for every 5 (Five) equity shares of 10/- (Rupees Ten Only) each held by them in CTEIL. Accordingly, the Board of Directors of the Resulting Company on 22nd August, 2018 had allotted 32,27,433 equity shares of Rs. 10/- each to the shareholders of CTEIL whose names appeared in the Register of Members as on the Record date.

Subsequently, application for listing of equity shares of CML was made to BSE. Your company received in principle approval from BSE on 9th January, 2019 and letter confirming relaxation from Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 from Securities and Exchange Board of India ("SEBI") on 25th February, 2019. The final listing and trading approval for the equity shares of CML was received from BSE on 04th April, 2019.

The Directors of your company are pleased to inform you that the equity shares of your company got listed on BSE with effect from 05th April, 2019 pursuant to the Scheme.

7. MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which financial statement relate and the date of the report.

8. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

| Sr. No. | Name of Director | Designation | Appointment Date | Resignation Date |
|----------------|---------------------------|---|-------------------------|-------------------------|
| 1. | Jayesh Ramniklal Mehta | Chairman & Managing Director | 16.04.2016 | - |
| 2. | Amita Jayesh Mehta | Non- Executive Director | 16.04.2016 | - |
| 3. | Vasant Gaurishankar Joshi | Additional Director (Independent Director) | 20.09.2018 | - |
| 4. | Bharat Sugnomal Bhatia | Additional Director (Independent Director) | 20.09.2018 | - |
| 5. | Rameshchand Garg | Additional Director (Independent Director) | 20.09.2018 | - |
| 6. | Bharat Keshavlal Shah | Director & Chief Financial Officer | 07.02.2018 | - |
| 7. | Ekta Kheria | Company Secretary & Compliance Officer | 20.08.2018 | - |

As on 31st March, 2019, the following were the Key Managerial Personnel of the Company as per Section 203 of the Companies Act, 2013 and the rules made thereunder:

- Jayesh Ramniklal Mehta- Chairman & Managing Director
- Bharat Keshavlal Shah – Director & Chief Financial Officer
- Ekta Kheria – Company Secretary & Compliance Officer

In accordance with the provisions of section 152 of the Companies Act, 2013 and the Articles of Association of the company, Mrs. Amita Jayesh Mehta, Director retires by rotation at the ensuing Annual General Meeting and become eligible, offers herself for re-appointment. The Board of Directors recommends her re-appointment.

The Board of Directors of your Company at its meeting held on 20th September, 2018 had approved the appointment of Mr. Vasant Gaurishankar Joshi (DIN: 0019105), Mr. Bharat Sugnomal Bhatia (DIN: 00195275) and Mr. Rameshchand Garg (DIN: 03346742) as an Additional & Independent Directors (Non-Executive) and recommends the same for the approval by the shareholders of the Company at the ensuing Annual General Meeting (AGM).

During the year under review, Mr. Bharat Keshavlal Shah has been appointed as a Chief Financial Officer of the Company with effect from 20th September, 2018.

The Board of Directors has proposed the appointment of Mr. Jayesh Ramniklal Mehta (DIN:00193029), subject to the approval of the Members of the Company at the ensuing AGM for a period of 5 years commencing from 20th September, 2018 to 19th September, 2023.

During the year under review, Ms Ekta Kheria was appointed as Company Secretary and Compliance Officer of the Company with effect from 20th September, 2018.

The details of Directors being recommended for appointment as required under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 are contained in the accompanying Notice convening ensuing AGM of the Company. Appropriate Resolution(s) seeking your approval for appointment of Directors are also included in the Notice.

None of the directors is disqualified for appointment/ re-appointment under section 164 of the Companies Act, 2013. As required by the law, this position is also reflected in the Auditor's report.

9. DECLARATION BY INDEPENDENT DIRECTORS

All the Independent Directors have submitted their disclosures to the Board that they fulfil all the requirements as stipulated under Section 149(6) of the Companies Act, 2013.

There has been no change in the circumstances affecting their status as Independent Directors of the Company so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant regulations.

10. MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors duly met 8 (eight) times during the financial year from 01st April, 2018 to 31st March, 2019. The dates on which meetings were held are 30th May, 2018, 06th August, 2018, 16th August, 2018, 22nd August, 2018, 20th September, 2018, 20th November, 2018, 01st March, 2019 and 29th March, 2019.

The gap between two Board Meetings didn't exceed 120 days as per Section 173 of the Companies Act, 2013.

11. ATTENDANCE OF DIRECTORS

Attendance of Directors at the Board Meetings held during the financial year ended 31st March, 2019 and at last AGM are as under:

| Name of Director | Category | Number of Meetings | | Attendance at the last AGM |
|---------------------------------|---|--------------------|----------|----------------------------|
| | | Held | Attended | Held on 18.08.2018 |
| Mr. Jayesh Ramniklal Mehta | Chairman & Managing Director | 8 | 8 | Yes |
| Mrs. Amita Jayesh Mehta | Non- Executive Director | 8 | 5 | Yes |
| Mr. Bharat Keshavlal Shah | Chief Financial Officer, Executive Director | 8 | 8 | No |
| Mr. Vasant Gaurishankar Joshi * | Additional, Non-Executive, Independent Director | 3 | 3 | No |
| Mr. Bharat Sugnomal Bhatia * | Additional, Non-Executive, Independent Director | 3 | 3 | No |
| Mr. Rameshchand Garg * | Additional, Non-Executive, Independent Director | 3 | 3 | No |

* Appointed as an additional director w.e.f. 20th September, 2018.

Attendance of directors at the committee meetings held during the financial year ended 31st March, 2019:

| Name of Director | Audit Committee Meeting | | Nomination & Remuneration Committee Meeting | |
|-------------------------------|-------------------------|----------|---|----------|
| | Held | Attended | Held | Attended |
| Mr. Jayesh Ramniklal Mehta | 2 | 2 | NA | NA |
| Mr. Vasant Gaurishankar Joshi | 2 | 2 | 1 | 1 |
| Mr. Bharat Sugnomal Bhatia | 2 | 2 | 1 | 1 |
| Mr. Rameshchand Garg | NA | NA | 1 | 1 |

NA- Not Applicable

During the year stakeholder relationship committee meeting was not held as the Company was not listed on any stock exchange as on 31.03.2019.

12. INDEPENDENT DIRECTORS' MEETING

The Independent Directors met on Wednesday, 13th February, 2019, without the attendance of Non-Independent Directors and members of the management. The Independent Directors reviewed the performance of non-independent directors and the board as a whole, the performance of the Chairperson of the Company and assessed the quality, quantity and assessed the timeliness of flow of information between the Company Management and board to effectively and reasonably perform their duties.

13. COMMITTEES

Your company has duly constituted the following mandatory committees in terms of the provisions of the Companies Act, 2013 read with rules framed thereunder viz.

A. Audit Committee

The composition of Audit Committee is in alignment with provision of section 177 of the Companies Act, 2013 read with the rules issued thereunder and Regulation 18 of the SEBI Listing Regulations. The members of the Audit Committee are financially literate and have experience in financial management.

The composition of Audit committee is as under:

| Name of the Director | Designation | Position on the Committee |
|---------------------------|-----------------------------------|---------------------------|
| Vasant Gaurishankar Joshi | Additional & Independent Director | Chairman |
| Bharat Sugnomal Bhatia | Additional & Independent Director | Member |
| Jayesh Ramniklal Mehta | Managing Director | Member |

There have been no instances during the year when recommendations of the Audit Committee were not accepted by the Board.

During the year 2 meetings of Audit committee were held on 20.11.2018 and 01.03.2019.

B. Nomination and Remuneration Committee

The composition of Nomination & Remuneration Committee is as under:

| Name of the Director | Designation | Position on the Committee |
|-----------------------------|-----------------------------------|----------------------------------|
| Bharat Sugnomal Bhatia | Additional & Independent Director | Chairman |
| Vasant Gaurishankar Joshi | Additional & Independent Director | Member |
| Rameshchand Garg | Additional & Independent Director | Member |

During the year 1 meeting of Nomination and Remuneration committee was held on 21.09.2018

C. Stakeholders' Relationship Committee

The composition of Stakeholder Relationship Committee is as under:

| Name of the Director | Designation | Position on the Committee |
|-----------------------------|-----------------------------------|----------------------------------|
| Rameshchand Garg | Additional & Independent Director | Chairman |
| Vasant Gaurishankar Joshi | Additional & Independent Director | Member |
| Bharat Sugnomal Bhatia | Additional & Independent Director | Member |

During the year, your company was not required to hold the Stakeholders' Relationship Committee Meeting as the company was not listed on any stock exchange as on 31st March, 2019.

From financial year 2019-2020, the Committee meetings will be held as per the requirement of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

14. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

Your company has in place a policy which formulates the criteria for determining qualifications, competencies, positive attributes and Independence for the appointment of a director (executive or non- executive) and also the criteria for determining the remuneration of the directors, key managerial personnel and senior management and other employees. The Policy was adopted with effect from 20.11.2018.

The above policy along with the criteria for selection is available at the website of the Company at <http://www.cml.net.in/pdf/9.%20Nomination%20&%20Remuneration%20policy.pdf>

15. FAMILIARIZATION PROGRAMME

The details of programs for familiarization of Independent Directors with the Company, their roles, responsibilities, in the Company and related matters are put up on the website of the Company at the link

<http://www.cml.net.in/pdf/2.%20Familiarisation%20Programme%20for%20Independent%20Directors.pdf>

16. BOARD EVALUATION

The Board of Directors have devised a policy for annual evaluation of the performance of the Board, its Committees and of individual directors (including Independent Directors) pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The performance of the Board is evaluated after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning etc. as provided by the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on 5th January, 2017.

The Board and the Nomination & Remuneration Committee review the performance of individual Directors on the basis of criteria such as the contribution of the individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. The performances of the Committees are evaluated by the Board after seeking inputs from the Committee Members on the basis of criteria such as the composition of Committees, effectiveness of Committee Meetings etc.

17. PARTICULARS OF EMPLOYEES

The statement of particulars of appointment and remuneration of managerial personnel pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the **Annexure - 1**

Pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, none of the employees of the Company was in receipt of the remuneration during the financial year 2018-19, which in aggregate was in excess of 1.02 crores per year or 8.5 lakhs per month or in excess of remuneration drawn by the Managing Director or Whole-Time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.

18. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a. that in the preparation of the annual financial statements for the financial year ended 31st March, 2019; the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the profit of the Company for the year ended as on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d. that the annual financial statements for the financial year ended 31st March, 2019 have been prepared on a going concern basis;
- e. that the Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and
- f. that the proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

19. INTERNAL FINANCIAL CONTROLS

The details of internal financial control and their adequacy are included in Management Discussion and Analysis, which forms part of this report.

20. PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

21. LOAN FROM DIRECTOR

During the year under review, your Company has received loan of amount 58,50,000/- from Mr. Jayesh Ramniklal Mehta, Managing Director of the Company along with a declaration in writing to the effect that the amount given by him is not from the funds acquired by him by borrowing or accepting loans from others.

22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

During the year under review, your Company has not given any loans or guarantees or made any investments governed under the provisions of Section 186 of the Companies Act, 2013.

23. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015. The disclosure of Related Party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is given in **Annexure-2** of this Report.

The details of transactions with Related Parties are also provided in the Company's Financial Statements in accordance with the Accounting Standards.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the Company's website and can be seen at the link:

<http://www.cml.net.in/pdf/5.%20Related%20Party%20Transaction%20Policy.pdf>

24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since your company does not own any manufacturing facility, the particulars relating to conservation of energy and technology absorption stipulated in section 134 (3) (m) of the Companies Act, 2013 and Rule 8 of Companies (Accounts) Rules, 2014 are not applicable.

During the year under review your company has following Foreign Exchange Earnings and Outgo:

| Particulars | F.Y. 2018-2019 | F.Y. 2017-2018 |
|---------------------------|----------------|----------------|
| Foreign Exchange Earnings | NIL | NIL |
| Foreign Exchange Outgo | 7,85,21,937/- | 3,04,38,443/- |

25. RISK MANAGEMENT

The Company has developed and implemented a Risk Management Policy. The policy identifies the threat of such events as "Risks", which if occurred will adversely affect value to shareholders, ability of Company to achieve objectives, ability to implement business strategies, the manner in which the company operates.

The framework defines the process for identification of risks, its assessment, mitigation measures, monitoring and reporting. While the Company, through its employees and Executive Management, continuously assess the identified risk, the Audit Committee reviews the identified Risks and its mitigation measures annually.

26. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

Your Company is committed to highest standards of ethics, moral and legal conduct of its business. In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standard of professionalism, honesty, integrity and ethical behaviour, the Company has adopted a comprehensive Vigil Mechanism/ Whistle Blower Policy in compliance with the applicable provision of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) regulations, 2015. The Vigil Mechanism/ Whistle Blower Policy is available on the Company's website link: <http://cml.net.in/pdf/policies/Whistle%20Blower%20Policy.pdf>

27. INSIDER TRADING REGULATIONS

Pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time), the Company has formulated a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ('Fair Disclosure Code') which are in force. The Fair Disclosure Code is available on the website of the Company at

<http://www.cml.net.in/pdf/policies/Policy%20on%20Code%20of%20Fair%20Disclosure.pdf>

28. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS / TRIBUNALS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

29. STATUTORY AUDITOR AND STATUTORY AUDITOR'S REPORT

Pursuant to the provisions of Section 139 of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. Ambavat Jain & Associates LLP, Chartered Accountant (Firm Registration No.: 109681W) were appointed as the Statutory Auditors of the Company in the 1st Annual General Meeting of the Company held on 29th September, 2017 for term of five consecutive years to hold office till the conclusion of the 6th Annual General Meeting of the Company.

The Auditors' Report on Standalone Financial Statements for the financial year 2018-2019, issued by M/s. Ambavat Jain & Associates LLP, Chartered Accountants, does not contain any qualification, observation, disclaimer, reservation or adverse remark.

30. SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Ajay Anil Thorat & Associates, Practicing Company Secretaries were appointed as the Secretarial Auditor of the Company to issue the Secretarial Audit Report for the year ended 31st March, 2019. The Secretarial Audit Report for the financial year ended 31st March, 2019 is annexed to this report **Annexure-3**.

M/s. Ajay Anil Thorat & Associates, Practicing Company Secretaries, in their Secretarial Audit Report have made certain qualifications. The auditor's qualifications and Boards explanation thereto are summarized as under:

| | Auditors' Qualification | Boards' Explanation |
|---|--|--|
| 1 | <i>Consent to act as director in Form DIR 2 taken from Bharat Keshavlal Shah (DIN 08066115) on 27th January, 2018 however, his DIN was allotted on 07th February, 2018. So ideally he should have given his consent on or after obtaining DIN. Similarity DIR 8 and MBP 1 declarations were given by him prior to obtaining DIN, it should be dated on or after the date of obtaining DIN.</i> | The Company inadvertently took Form DIR-2, MBP-1 and DIR-8 from Mr. Bharat Keshavlal Shah before the date of obtaining DIN by him. The company will take care in future. |
| 2 | <i>Further, the company has appointed Bharat Keshavlal Shah (DIN 08066115) as Additional Director on 7th February, 2018 under Section 161 of the Companies Act, 2013 and it is subject to office of director upto the date of subsequent Annual General Meeting and accordingly, if shareholders confirms in the Annual General Meeting then his designation can be changed from Additional Director to Director. However, the company has changed his designation from Additional Director to Director in the Extra-ordinary General Meeting held on 21st February, 2018.</i> | Pursuant to the Scheme of Arrangement, the Resulting Company (Chandni Machines Private Limited) was required to issue shares to the shareholders of the Demerged Company (Chandni Textiles Engineering Industries Limited) in the Share Entitlement Ratio 1:5. Thus, the status of the Company was changed from Private Limited Company to Public Limited Company and in compliance with the provision of the Companies Act, 2013 & Stock Exchange requirement, the Company was required to appoint one more Director. Therefore, Mr. Bharat Keshavlal was appointed |

| | | |
|--|--|---|
| | | as an additional director on 7 th February, 2018 by the Board & was regularised on 21 st February, 2018 in Extra Ordinary General Meeting by the Shareholders. The Company then applied for listing of equity shares on BSE after complying with all the required Compliances for the Listed Company. |
|--|--|---|

31. SECRETARIAL STANDARDS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA (ICSI)

Your Directors state that the applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the company.

32. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of Annual Report in Form MGT-9 as on March 31, 2019 is enclosed in **Annexure-4**.

33. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the financial year under review, as stipulated under Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 is presented in a separate section forming part of this Annual Report.

34. CORPORATE GOVERNANCE

Pursuant to the Regulation 15(2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the compliance with the Corporate Governance provisions shall not apply to listed entities having paid up equity share capital not exceeding rupees ten crore and net worth not exceeding rupees twenty five crore, as on the last day of the previous financial year. In this connection, your Director state that the paid up equity capital and net worth of your company are Rs. 3,22,74,330 and Rs. 4,56,54,268/- respectively as per the last audited balance sheet as at 31.03.2019. Accordingly, the Corporate Governance Report is not applicable to your company.

35. DISCLOSURE IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of Sexual Harassment at the Workplace, in line with the provision of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, there were no complaints reported under the Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

36. ACKNOWLEDGEMENT

Your directors would like to express their appreciation for the assistance and co-operation received from the Company's customers, vendors, bankers, auditors, investors, Government authorities and stock exchange during the year under review. Your directors place on record their appreciation of the contributions made by employee at all levels. Your Company's consistent growth was made possible by their hard work, solidarity, co-operation and support.+

**For & on behalf of the Board of Directors
For Chandni Machines Limited**
(formerly known as Chandni Machines Private Limited)

**Place: Mumbai
Date: 14th August, 2019**

**Jayesh R Mehta
(DIN: 00193029)
Managing Director**

ANNEXURE – 1

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Statement of Disclosure of Remuneration under Section 197 of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. The ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year:

| Name | Designation | Ratio |
|---------------------------|---|----------------|
| Jayesh Ramniklal Mehta | Chairman & Managing Director | 3.68:1 |
| Amita Jayesh Mehta | Non-Executive Director | Not Applicable |
| Bharat Keshavlal Shah | Executive Director | Not Applicable |
| Vasant Gaurishankar Joshi | Additional Director (Non-Executive Independent) | Not Applicable |
| Rameshchand Garg | Additional Director (Non-Executive Independent) | Not Applicable |
| Bharat Sugnomal Bhatia | Additional Director (Non-Executive Independent) | Not Applicable |

- ii. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year: **Not Applicable**

- iii. The percentage increase in the median remuneration of employees in the financial year: **Not Applicable**

- iv. The number of permanent employees on the rolls of the company as on 31st March, 2019: **Eight (8)**

- v. Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: **Not Applicable**

- vi. It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.

**For & on behalf of the Board of Directors
For Chandni Machines Limited**

(formerly known as Chandni Machines Private Limited)

**Place: Mumbai
Date: 14th August, 2019**

**Jayesh R Mehta
(DIN: 00193029)
Managing Director**

ANNEXURE-2

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: There were no contracts or arrangements, or transactions entered into during the year ended 31st March, 2019, which were not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis:

| Name of the Related parties | Nature of contracts / arrangements / transactions | Duration of the contracts/ arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Amount paid as advance, if any |
|--|---|---|--|--------------------------------|
| Chandni Textiles Engineering Industries limited – Holding Company. | Purchase of Machinery | 21.04.2018 | 72,03,900 | N.A. |
| | Sale of Machinery | 27.08.2018 | 33,06,360 | |
| | Compensation paid | 01.04.2018 to 31.03.2019 | 1,51,625 | |
| | Compensation received | 08.02.2019 to 31.03.2019 | 4,375 | |
| Jayesh Ramniklal Mehta | Loan from Director | 29.03.2019 | Rs. 58,50,000/- | |

**For & on behalf of the Board of Directors
For Chandni Machines Limited**

(formerly known as Chandni Machines Private Limited)

**Place: Mumbai
Date: 14th August, 2019**

**Jayesh R Mehta
(DIN: 00193029)
Managing Director**

FORM NO. MR 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members of
CHANDNI MACHINES LIMITED
(CIN – U74999MH2016PLC279940)
110, T.V. Industrial Estate, 52 S. K. Ahire Marg,
Worli, Mumbai– 400030,
Maharashtra, India

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CHANDNI MACHINES LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder; (Till the date of signing of this report the status of the company as seen on the master data of Ministry of Corporate Affairs is Unlisted, however the company has got the status of listed company effective from 5th April, 2019 vide BSE Trading Approval letter dated 4th April, 2019 vide reference no DCS/AMAL/TP/JR/8547/2019-20. As per explanation given by the company secretary of the company, the company has tried to submit required papers with Registrar of Companies (ROC) for changes required in master data for changing CIN from U to L and also the status of the company from Unlisted to Listed, but ROC has not accepted the documents due to pressure of strike off companies matters. However, the company has submitted now physical application to ROC on 6th August, 2019 for the said purpose.

Further, during the financial year the company has passed special resolution for conversion of the company into Public Limited Company on 21st February, 2018 and Form MGT 14 for this purpose was filed on 7th March, 2018 and the same was approved on 9th March, 2018. However, the company has not filed Form INC 27 within 15 days of passing of special resolution and therefore

the delay in filing such form required the condonation of delay from the Central Government and accordingly, the company has filed application with the Central Government in Form CG 1 on 14th March, 2018 vide SRN G79280145 and the same is condoned by the Central Government vide its order dated 9th July, 2018.

2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – Not Applicable
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **[The Company has issued shares during the period of audit, however during the audit period the company has not been listed on any stock exchanges.];**
 - d. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (The Company was unlisted during the audit period, however it has got listed with Bombay Stock Exchange Limited after completion of the financial year 2018-19 effective from 5th April, 2019 vide BSE Trading Approval letter dated 4th April, 2019 vide reference no DCS/AMAL/TP/JR/8547/2019-20)
 - e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **[Not Applicable as the Company has not issued and listed any debt securities during the financial year under review] ;**
 - g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulation, 1993 regarding the Companies Act and dealing with client; **[Not Applicable as the company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review] ;**
 - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulation, 2009; **[Not applicable as the Company has not delisted / proposed to delist its equity shares from any stock exchange during the financial year under review] ;**
 - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **[Not applicable as the Company has not bought back / proposed to buy back any of its securities during the financial year under review].**
 - j. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **[Not applicable as the Company as there is no any such event took place during the reporting period].**
6. The management has identified and confirmed the following laws as specifically applicable to the company:

- (a) Factories Act, 1948
- (b) Industrial Disputes Act, 1947
- (c) The Payment of Wages Act, 1936
- (d) The Minimum Wages Act, 1948
- (e) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- (f) The Payment of Bonus Act, 1965
- (g) The Payment of Gratuity Act, 1972
- (h) The Contract Labour (Regulation & Abolition) Act, 1970
- (i) Employees' State Insurance Act, 1948
- (j) Water (Prevention and Control of Pollution) Act, 1974
- (k) Air (Prevention and Control of Pollution) Act, 1981

I have also examined compliance with the applicable clauses of the following:

- 1) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meeting (SS-2) issued by The Institute of Company Secretaries of India;
- 2) SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Listing Agreements entered into by the Company with BSE Limited.

I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All the decisions of the Board and committee thereof were carried out with requisite majority.

I further report that:-

Based on review of compliance mechanism established by the Company and on the basis of the certificate given by the CS and CFO, we are of the opinion that there are adequate systems and processes in place in the company which is commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines:-

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above except to the extent as mentioned below:

- (a) *Consent to act as director in Form DIR 2 taken from Bharat Keshavlal Shah (DIN 08066115) on 27th January, 2018 however, his DIN was allotted on 07th February, 2018. So ideally he should have given his consent on or after obtaining DIN. Similarily DIR 8 and MBP 1 declarations were given by him prior to obtaining DIN, it should be dated on or after the date of obtaining DIN.*

(b) Further, the company has appointed Bharat Keshavlal Shah (DIN 08066115) as Additional Director on 7th February, 2019 under Section 161 of the Companies Act, 2013 and it is subject to office of director upto the date of subsequent Annual General Meeting and accordingly, if shareholders confirms in the Annual General Meeting then his designation can be changed from Additional Director to Director. However, the company has changed his designation from Additional Director to Director in the Extra-ordinary General Meeting held on 21st February, 2019.

**For Ajay Anil Thorat & Associates
Company Secretaries**

Sd/-

Date: 28th August, 2019

Place: Navi Mumbai

**CS Ajay Anil Thorat
ACS No. 30934, CP No.: 12628**

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

Annexure A

To,
The Members,
CHANDNI MACHINES LIMITED
(CIN – U74999MH2016PLC279940)
110, T.V. Industrial Estate, 52 S. K. Ahire Marg,
Worli, Mumbai,
Maharashtra
India – 400030

Our report of even date is to be read along with this letter.

Management Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our Responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the managements, representation about the compliances of laws, rules and regulations and happenings of events etc.

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

For Ajay Anil Thorat & Associates
Company Secretaries

Sd/-

CS Ajay Anil Thorat
ACS No. 30934, CP No.: 12628

Date: 28th August, 2019
Place: Navi Mumbai

ANNEXURE-4

**EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2019**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|-------------|---|---|
| i. | CIN | U74999MH2016PLC279940 |
| ii. | Registration Date | 12 th April, 2016 |
| iii. | Name of the Company | Chandni Machines Limited (Formerly known as Chandni Machines Private Limited) |
| iv. | Category of the Company Sub-Category of the Company | Public Limited Company Indian Non- Government Company |
| v. | Address of the Registered office and contact details | 110, T. V. Industrial Estate, 52, S. K. Ahire Marg, Worli, Mumbai-400030 Tele No.: 022-24950328 Email: Website: www.cml.net.in |
| vi. | Whether listed company | Yes |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | M/s Purva Sharegistry (India) Private Limited Shiv Shakti Industrial Estate, Unit No. 9, 7-B, J. R. Boricha Marg, Sitaram Mill Compound, Lower Parel (E), Mumbai-400011 Tele No.: 022-23016761 / 23018261 Fax No.: 022- 23012518 Email: support@purvashare.com Website: www.purvashare.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1 | Retail trade | 4774 | 100 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary /Associate | % of shares held | Applicable Section |
|---------|---------------------------------|---------|--------------------------------|------------------|--------------------|
| 1. | NIL | NIL | NIL | NIL | NIL |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|------------------------------------|---|--------------|--------------|-------------------|---|----------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/HUF | - | 1 | 1 | 0.01 | 1416243 | - | 1416243 | 43.88 | 43.87 |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | - | 9999 | 9999 | 99.99 | 84442 | - | 84442 | 2.62 | (97.37) |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(1): | - | 10000 | 10000 | 100 | 1500685 | - | 1500685 | 46.50 | (53.50) |
| 2) Foreign | - | - | - | - | - | - | - | - | - |
| g) NRIs-Individuals | - | - | - | - | - | - | - | - | - |
| h) Other individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(2) | - | - | - | - | - | - | - | - | - |
| TOTAL (A) = (A)(1) + (A)(2) | - | 10000 | 10000 | 100 | 1500685 | - | 1500685 | 46.50 | (53.50) |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | 80 | 80 | 0.00 | 0.00 |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|---|---|--------------|--------------|------------|----------------|--------------|----------------|--------------|--------------|
| f) Insurance companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign venture capital Funds | - | - | - | - | - | - | - | - | - |
| h) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | 80 | 80 | 0.00 | 0.00 |
| 2. Non Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| (i) Indian | - | - | - | - | 644935 | 4520 | 649455 | 20.13 | 20.13 |
| (ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| (i) Individual Shareholders Holding Nominal Share Capital Upto Rs. 1 Lakh | - | - | - | - | 433132 | 39836 | 472968 | 14.65 | 14.65 |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | - | - | - | - | 544629 | - | 544629 | 16.87 | 16.87 |
| c) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Clearing Members | | | | | 26318 | - | 26318 | 0.82 | 0.82 |
| Non- Residential Indian | | | | | 450 | - | 450 | 0.01 | 0.01 |
| Hindu Undivided Family | | | | | 32848 | - | 32848 | 1.02 | 1.02 |
| Sub-total (B)(2) | - | - | - | - | 1682312 | 44356 | 1726668 | 53.50 | 53.50 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | - | - | - | - | 1682312 | 44436 | 1726748 | 53.50 | 53.50 |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | - | 10000 | 10000 | 100 | 3182997 | 44436 | 3227433 | 100 | - |

Note:

- Shareholding percentage is calculated considering the increased paid up share capital of the company except for percentage "At the beginning of the year".
- Initial subscription capital of Rs. 1,00,000/- (10,000 equity shares of Rs. 10/- each) stands cancelled pursuant to the Scheme of Arrangement (Demerger).

ii. Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|--------|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1. | Jayesh Ramniklal | 1 | 0.01 | - | 838418 | 25.98 | - | 25.97 |
| 2. | Chandni Textiles Engineering Industries Limited | 9999 | 99.99 | - | - | - | - | (99.99) |
| 3. | Amita Jayesh Mehta | - | - | - | 551925 | 17.10 | - | 17.10 |
| 4. | Prerna Jayesh Mehta | - | - | - | 13400 | 0.42 | - | 0.42 |
| 5. | Chandni Jayesh Mehta | - | - | - | 12500 | 0.39 | - | 0.39 |
| 6. | J.R. Texmachtrade | - | - | - | 84442 | 2.62 | - | 2.62 |
| | Total | 10000 | 100 | 0.00 | 1500685 | 46.50 | 0.00 | (53.50) |

Note:

- Shareholding percentage is calculated considering the increased paid up share capital of the company except for percentage "At the beginning of the year".
- Initial subscription capital of Rs. 1,00,000/- (10,000 equity shares of Rs. 10/- each) stands cancelled pursuant to the Scheme of Arrangement (Demerger).

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. no | Shareholder's Name | Shareholding at the beginning of the year 01.04.2018 | | Cumulative Shareholding during the year 31.03.2019 | |
|--------|--|--|----------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Jayesh Ramniklal Mehta | | | | |
| | At the beginning of the year | 1 | 0.01 | 1 | 0.01 |
| | 22.08.2018- (Cancellation pursuant to the scheme of Arrangement) Decrease in shareholding | (1) | (0.01) | 0 | 0.00 |
| | 22.08.2018- (Allotment pursuant to the scheme of Arrangement) Increase in shareholding | 838418 | 25.98 | 838418 | 25.98 |

| | | | | | |
|---|---|--------|---------|--------|-------|
| | At the end of the year as on 31/03/2019 | 838418 | 25.98 | 838418 | 25.98 |
| 2. Chandni Textiles Engineering Industries limited | | | | | |
| | At the beginning of the year | 9999 | 99.99 | 9999 | 99.99 |
| | 22.08.2018- (Cancellation pursuant to the scheme of Arrangement) Decrease in shareholding | (9999) | (99.99) | 0 | 0.00 |
| | At the end of the year as on 31/03/2019 | 0 | 0.00 | 0 | 0.00 |
| 3. Amita Jayesh Mehta | | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | 22.08.2018- (Allotment pursuant to the scheme of Arrangement) Increase in shareholding | 551925 | 17.10 | 551925 | 17.10 |
| | At the end of the year as on 31/03/2019 | 551925 | 17.10 | 551925 | 17.10 |
| 4. Prerna Jayesh Mehta | | | | | |
| | At the end of the year as on 31/03/2019 | 0 | 0.00 | 0 | 0.00 |
| | 22.08.2018- (Allotment pursuant to the scheme of Arrangement) Increase in shareholding | 13400 | 0.42 | 13400 | 0.42 |
| | At the end of the year as on 31/03/2019 | 13400 | 0.42 | 13400 | 0.42 |
| 5. Chandni Jayesh Mehta | | | | | |
| | At the end of the year as on 31/03/2019 | 0 | 0.00 | 0 | 0.00 |
| | 22.08.2018- (Allotment pursuant to the scheme of Arrangement) Increase in shareholding | 12500 | 0.39 | 12500 | 0.39 |
| | At the end of the year as on 31/03/2019 | 12500 | 0.39 | 12500 | 0.39 |
| 6. J.R. Texmachtrade Private Limited | | | | | |
| | At the end of the year as on 31/03/2019 | 0 | 0.00 | 0 | 0.00 |
| | 22.08.2018- (Allotment pursuant to the scheme of Arrangement) Increase in shareholding | 84442 | 2.62 | 84442 | 2.62 |
| | At the end of the year as on 31/03/2019 | 84442 | 2.62 | 84442 | 2.62 |

Note:

- Shareholding percentage is calculated considering the increased paid up share capital of the company except for percentage "At the beginning of the year".
- Initial subscription capital of Rs. 1,00,000/- (10,000 equity shares of Rs. 10/- each) stands cancelled pursuant to the Scheme of Arrangement (Demerger).

iv. Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

| S. No | For each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|-----------|--|---|-------------|---|-------------|
| | | No. of Shares | % of Shares | No. of Shares | % of Shares |
| 1. | Sykes and Ray Equities (Mumbai) Private Limited | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | 22.08.2018- (Allotment pursuant to the scheme of Arrangement) Increase in shareholding | 382072 | 11.84 | 382072 | 11.84 |
| | At the end of the year as on 31/03/2019 | 382072 | 11.84 | 382072 | 11.84 |
| 2. | International Financial Services Limited | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | 22.08.2018- (Allotment pursuant to the scheme of Arrangement) Increase in shareholding | 247467 | 7.67 | 247467 | 7.67 |
| | At the end of the year as on 31/03/2019 | 247467 | 7.67 | 247467 | 7.67 |
| 3. | Mahavirsingh N Chauhan | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | 22.08.2018- (Allotment pursuant to the scheme of Arrangement) Increase in shareholding | 122758 | 3.80 | 122758 | 3.80 |
| | At the end of the year as on 31/03/2019 | 122758 | 3.80 | 122758 | 3.80 |
| 4. | Hetal Chetan Mehta | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | 22.08.2018- (Allotment pursuant to the scheme of Arrangement) Increase in shareholding | 90102 | 2.79 | 90102 | 2.79 |
| | At the end of the year as on 31/03/2019 | 90102 | 2.79 | 90102 | 2.79 |

| | | | | | |
|-----------|--|-------|------|-------|------|
| 5. | Ketal M. Brahmhatt | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | 22.08.2018- (Allotment pursuant to the scheme of Arrangement) Increase in shareholding | 42349 | 1.31 | 42349 | 1.31 |
| | Increase in shareholding- Transfer on 14.09.2018 | 1 | 0.00 | 42350 | 1.31 |
| | At the end of the year as on 31/03/2019 | 42350 | 1.31 | 42350 | 1.31 |
| 6. | Minal Manish Ajmera | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | 22.08.2018- (Allotment pursuant to the scheme of Arrangement) Increase in shareholding | 40000 | 1.24 | 40000 | 1.24 |
| | At the end of the year as on 31/03/2019 | 40000 | 1.24 | 40000 | 1.24 |
| 7. | Avani Jasmin Ajmera | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | 22.08.2018- (Allotment pursuant to the scheme of Arrangement) Increase in shareholding | 40000 | 1.24 | 40000 | 1.24 |
| | At the end of the year as on 31/03/2019 | 40000 | 1.24 | 40000 | 1.24 |
| 8. | Nishita Alpesh Ajmera | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | 22.08.2018- (Allotment pursuant to the scheme of Arrangement) Increase in shareholding | 40000 | 1.24 | 40000 | 1.24 |
| | At the end of the year as on 31/03/2019 | 40000 | 1.24 | 40000 | 1.24 |
| 9. | Ashwini Jiten Ajmera | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | 22.08.2018- (Allotment pursuant to the scheme of Arrangement) Increase in shareholding | 40000 | 1.24 | 40000 | 1.24 |
| | At the end of the year as on 31/03/2019 | 40000 | 1.24 | 40000 | 1.24 |
| 10 | Reena Ashish Ajmera | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | 22.08.2018- (Allotment pursuant to the scheme of Arrangement) Increase in shareholding | 40000 | 1.24 | 40000 | 1.24 |

| | | | | |
|--|-------|------|-------|------|
| At the end of the year as on 31.03.2019 | 40000 | 1.24 | 40000 | 1.24 |
|--|-------|------|-------|------|

Note:

- At the beginning of the year there were no other shareholders other than promoters. Pursuant to the Scheme of Arrangement (Demerger) shares were allotted on 22nd August, 2018 to the shareholders of Chandni Textiles Engineering Industries Limited (Demerged Company) as on the record date i.e. 20th August, 2018. The above chart reflects the top ten shareholders excluding promoters post allotment of shares pursuant to the Scheme of Arrangement.
- Shareholding percentage is calculated considering the increased paid up share capital of the Company except for percentage "At the beginning of the year".

v. Shareholding of Directors and Key Managerial Personnel:

| S. No. | For each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|-----------|--|---|-------------|---|-------------|
| | | No. of Shares | % of Shares | No. of Shares | % of Shares |
| 1. | Jayesh Ramniklal Mehta- Managing Director | | | | |
| | At the beginning of the year | 1 | 0.01 | 1 | 0.01 |
| | 22.08.2018- (Cancellation pursuant to the scheme of Arrangement) Decrease in shareholding | (1) | (0.01) | 0 | 0.00 |
| | 22.08.2018- (Allotment pursuant to the scheme of Arrangement) Increase in shareholding | 838418 | 25.98 | 838418 | 25.98 |
| | At the end of the year as on 31/03/2019 | 838418 | 25.98 | 838418 | 25.98 |
| 2. | Amita Jayesh Mehta – Non- Executive Director | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | 22.08.2018- (Allotment pursuant to the scheme of Arrangement) Increase in shareholding | 551925 | 17.10 | 551925 | 17.10 |
| | At the end of the year as on 31/03/2019 | 551925 | 17.10 | 551925 | 17.10 |
| 3. | Bharat Keshavlal Shah- Chief Financial Officer & Executive Director | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | Changes During the Year | 20 | 0.00 | 20 | 0.00 |
| | At the end of the year as on 31/03/2019 | 20 | 0.00 | 20 | 0.00 |

| | | | | | |
|---|---|------|---|------|--|
| 4. Vasant Gaurishankar Joshi- Additional & Non- Executive Independent Director | | | | | |
| At the beginning of the year | 0 | 0.00 | 0 | 0.00 | |
| 22.08.2018- (Allotment pursuant to the scheme of Arrangement) Increase in shareholding | 2 | 0.00 | 2 | 0.00 | |
| At the end of the year as on 31/03/2019 | 2 | 0.00 | 2 | 0.00 | |
| 5. Bharat Sugnomal Bhatia- Additional & Non- Executive Independent Director | | | | | |
| At the beginning of the year | 0 | 0.00 | 0 | 0.00 | |
| Changes during the year | 0 | 0.00 | 0 | 0.00 | |
| At the end of the year as on 31/03/2019 | 0 | 0.00 | 0 | 0.00 | |
| 6. Rameshchand Garg- Additional & Non- Executive Independent Director | | | | | |
| At the beginning of the year | 0 | 0.00 | 0 | 0.00 | |
| Changes during the year | 0 | 0.00 | 0 | 0.00 | |
| At the end of the year as on 31/03/2019 | 0 | 0.00 | 0 | 0.00 | |
| 7. Ekta Kheria- Company Secretary & Compliance Officer | | | | | |
| At the beginning of the year | 0 | 0.00 | 0 | 0.00 | |
| Changes during the year | 0 | 0.00 | 0 | 0.00 | |
| At the end of the year as on 31/03/2019 | 0 | 0.00 | 0 | 0.00 | |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|-------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | NIL | NIL | NIL | NIL |
| ii) Interest due but not paid | NIL | NIL | NIL | NIL |
| iii) Interest accrued but not due | NIL | NIL | NIL | NIL |

| | | | | |
|---|------------|------------------|------------|------------------|
| Total (i+ii+iii) | NIL | NIL | NIL | NIL |
| Change in Indebtedness during the financial year | | | | |
| - Addition | NIL | 58,50,000 | NIL | 58,50,000 |
| - Reduction | NIL | 0 | NIL | 0 |
| Net Change | NIL | 58,50,000 | NIL | 58,50,000 |
| Indebtedness at the end of the Financial Year | | | | |
| i) Principal Amount | NIL | 58,50,000 | NIL | 58,50,000 |
| ii) Interest due but not paid | NIL | 0 | NIL | 0 |
| iii) Interest accrued but not due | NIL | 0 | NIL | 0 |
| Total (i+ii+iii) | NIL | 58,50,000 | NIL | 58,50,000 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

| Sl. No. | Particulars of Remuneration | Name Of MD / WTD / Manager | Total Amount (Rs.) |
|---------|---|--|--------------------|
| 1. | | Jayesh Ramniklal Mehta- Managing Director | |
| 2. | Gross Salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 5,40,000 | 5,40,000 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | NIL | NIL |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | NIL | NIL |
| 3. | Stock Option | NIL | NIL |
| 4. | Sweat Equity | NIL | NIL |
| 5. | Commission - as % of profit- others, specify... | NIL | NIL |
| 6. | Others, please specify | NIL | NIL |
| | Total (A) | 5,40,000 | 5,40,000 |

B. Remuneration to other directors:

| Sr. No. | Particulars of Remuneration | Mrs. Amita Jayesh Mehta | Mr. Bharat Keshavlal Shah | Mr. Rameshchand Garg | Mr. Bharat Bhatia | Mr. Vasant Gaurishankar Joshi | Total Amount |
|----------|------------------------------|-------------------------|---------------------------|----------------------|-------------------|-------------------------------|--------------|
| I | Independent Directors | | | | | | |

| | | | | | | | |
|-----------|--|---|---|---|---|---|---|
| 1 | Fee for attending Board/Committee meetings/AGM | - | - | - | - | - | - |
| 2 | Commission | - | - | - | - | - | - |
| 3 | Others, please specify | - | - | - | - | - | - |
| | Total (I) | - | - | - | - | - | - |
| II | Other Non-Executive Directors | | | | | | |
| 1 | Fee for attending Board/Committee meetings/AGM | - | - | - | - | - | - |
| 2 | Commission | - | - | - | - | - | - |
| 3 | Others, please specify | - | - | - | - | - | - |
| | Total (II) | - | - | - | - | - | - |
| | Total (B) = (I + II) | - | - | - | - | - | - |

C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD :

| | Particulars of Remuneration | Key Managerial Personnel | | Total |
|----|---|---------------------------------|--|-------|
| | | Mr. Bharat Keshavlal Shah (CFO) | Ms. Ekta Kheria (Company Secretary & Compliance Officer) | |
| 1. | Gross Salary | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | - | 1,58,411 | |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | |
| | (c) Profits in lieu of salary under section 17(3) Income-Tax Act 1961 | - | - | |
| 2. | Stock Option | - | - | |
| 3. | Sweat Equity | - | - | |
| 4. | Commission | - | - | |
| | - as % of profit | - | - | |
| | - others, specify ... | - | - | |
| 5. | Others, please specify – (Bonus) | - | - | |
| | TOTAL | - | 1,58,411 | |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the financial year ended March 31st, 2019.

**For & on behalf of the Board of Directors
For Chandni Machines Limited**
(formerly known as Chandni Machines Private Limited)

**Place: Mumbai
Date: 14th August, 2019**

**Jayesh R Mehta
(DIN: 00193029)
Managing Director**

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

Injection moulding is a dominant sector in the plastics processing industry. The injection moulding process is used to manufacture products in nearly every market segment from automotive and aerospace to toys and medical devices. In 2017, the global market for plastic injection moulding was valued at \$117 billion and it is expected to reach \$233 billion in 2023.

The market for plastic injection moulding machine is segmented based on geography, and by machine type and end-user industry. Geographically, this market can be segmented in four regions namely North American, Europe, Asia-Pacific and Rest of the World. The market is classified on the basis of machine type, namely, hydraulic injection moulding machine, all-electric injection moulding machine, and hybrid injection moulding machine. By end-user industry the market is segmented by automotive, consumer goods, packaging, healthcare, electrical and electronics.

During the year under review, the Company has been in the Business of Trading. The main product of trading includes Plastic Injection Moulding Machine. The Management presents the analysis of performance of your Company for the financial year 2018-19 and its outlook for the future. This outlook is based on assessment of the current business environment and the expectations, estimates and projections of the management of the Company. It may vary due to future economic and political development, both in the Indian and international economies and due to other factors beyond control.

OPPORTUNITY AND THREAT

OPPORTUNITY

Injection moulding machine is used to produce a variety of multi-dimensional and complex products with plastics and other raw materials. Plastics polymers are most commonly used raw material by injection moulding machines. In the plastics processing industry, injection moulding machinery occupies the major share of the plastic moulding market. The growth in demand of plastic injection moulding machinery is from automobile and packaging industry backed by positive growth trend from manufacturing industry in developed countries.

Due to technological advancement, shortening product life cycle and pressure to increase probability is rapidly changing the trends of how new age injection moulding machine should be manufactured. The ability to mould a variety of raw material through injection moulding process and increase the energy efficiency of the plastic injection machine has outpaced the traditional Chinese injection moulding machine. The advancement in technology to mould different material through injection molding has led to the use of injection moulding machinery in various sectors such as healthcare, furniture, transport, aerospace & defence etc. With increasing technological capacity of machines the plastics industry exploring options in new fields such as electro-optical, solar cells, organic LED's etc.

THREAT

The injection moulding machinery market is highly competitive. It is not only highly capital intensive business but needs a technological advance machines. The manufacturer is striving to build a brand which known for consistency, efficiency, and ability to produce quality plastic molded products.

The plastics machinery industry is a high barrier to entry for new entrants as they need to produce technologically advanced plastics machinery to compete with existing machinery manufacture

| STRENGTH | WEAKNESS |
|--|-------------------------------------|
| Experienced Management team | Working capital intensive business |
| Long standing relations with reputed clientele | Limited flexibility in pricing |
| Ability to provide quality service | High transportation cost |
| Ability to control costs | Low bargaining power with customers |

OUTLOOK

The long term outlook for the industry is optimistic based upon the market innovation and cutting edge technology for sustaining growth. Your Company believes that the competition in the emerging markets will be based on cost efficiency, high productivity and maintaining stringent quality parameters etc. Due to rising energy costs combined with an increased corporate interest in sustainability, companies are now focused on being more energy efficient. Several Corporates are expanding their activities to benefit from growth of economy. However, the pressure to get high tech equipment at reasonable costs persists to remain cost competitive globally. Such high tech equipments are available at reasonable costs. This is a much better alternative than brand new equipments which are prohibitively expensive.

RISKS AND CONCERN

Risk management and control system to ensure that the risk of the Company are identified and managed effectively. The re-constituted management of the Company has adopted risk management framework for identifying and evaluating risks and opportunities that may have bearing on the organisation. The Company recognises that these risks need to be managed and mitigated to protect the shareholders and other stakeholders' interest.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate system of Internal Control System, commensurate with size, scale and complexity of its operations. The internal financial controls are adequate and are operating effectively so as to ensure orderly and efficient conduct of business operations. The Audit Committee in consultation with the internal auditor formulates the scope, functioning, periodicity and methodology for conducting the internal audit. The internal auditors carry out audit, covering inter-alia, monitoring and evaluating the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations and submit their periodical internal audit report to the Audit Committee. Based on the internal audit report and review by the Audit Committee, process owners undertake necessary actions in their respective areas. The internal auditors have expressed that the internal control system in the Company is robust and effective. The board has also put in place legal compliance framework to ensure compliance of all the applicable laws and that such systems are adequate and operating effectively.

DISCUSSION ON FINANCIAL PERFORMANCE

- 1. Share Capital:** As on March 31, 2019, the paid up share capital of the Company stood at Rs. 3,22,74,330/- consisting of 32,27,433 equity shares of Rs. 10/- each.
- 2. Turnover:** The turnover of the company declined by 43% to Rs. 11.25 crore in the current year from Rs. 19.75 crore in the previous year due to recession in the economy, deferment of capital investment by industries, credit squeeze by the banks and liquidity crunch.
- 3. Results:** During the year, the net profit of the company declined by 4.38% to Rs. 13.49 lacs in the current year from Rs. 110.15 lacs in the previous due to higher other costs which increased by 7.80% to Rs. 123.30 lacs in the current year from Rs. 44.18 lacs in the previous year due to the recession prevailing in the economy as explained above. This despite the fact that the cost of goods declined by 30.56% to Rs. 1002.27 lacs in the current year from Rs. 1809.78 lacs in the previous year due to better sourcing by the company. The other income also rose by 324% to Rs. 47.28 lacs in the current year from Rs. 11.15 lacs in the previous year.

HUMAN RESOURCE:

Your Company follow a culture that provides a platform for continuous learning and development to meet the challenges posed by ever- changing market realities. Employees are your Company's most valuable assets and the Management recognises them as the prime machinery of the organisation. They are always given the first priority and are provided with all the basic requirements and safety measures for good health and well-being. The management, in order to create enduring value, has fostered a culture of feeling of being togetherness and attachment among employees through participative management practices, open interaction and mutual respect.

Your Company's human resource management systems and processes aims to enhance organisational capability and vitality to seize emerging market opportunities. The strategy of the organisation and its ongoing emphasis on developing and nurturing distributed leadership has ensured that each of your Company's business is managed by a team of competent, passionate and inspiring leaders.

Your Company's belief in mutuality of interests of key stakeholders binds all employees to a shared vision and purpose. The Company continued to maintain healthy industrial relations and did not report any sort of strike or lockout that would have impacted Company's operations.

KEY FINANCIAL RATIO

| PARTICULARS | 2018-19 | 2017-18 |
|-------------------------|----------------|----------------|
| Debtor's turnover ratio | 2.84 | 3.29 |
| Interest Coverage Ratio | - | 143.51 |
| Current Ratio | 1.30 | 1.66 |
| Debt-Equity Ratio | 0.11 | - |
| Operating Profit (%) | 0.012 | 0.056 |
| Net Profit (%) | 0.82% | 4.16% |
| Return on Net Worth | 1.82% | 16.40% |

CAUTIONARY STATEMENT:

Statements in the Management Discussion and analysis Report containing the objectives, expectations or predictions of the Company may be forward-looking within the meaning of Securities law and regulations. Actual results may differ materially from those expressed in the statement. The operations of the Company could be influenced by various factors such as domestic and global demand and supply conditions affecting sales volume and selling prices of finished goods, input availability and cost, government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

INDEPENDENT AUDITOR'S REPORT

To
The Members
Chandni Machines Limited
(Formerly known as Chandni Machines Private Limited)

Opinion

We have audited the standalone financial statements of Chandni Machines Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report

| The key audit matters | How our audit addressed the key audit matter |
|---|---|
| | |
| Adoption of Ind AS 115 - Revenue from Contracts with Customers | |
| As described in Note 2 (d) to the | Our audit procedures on adoption of Ind AS 115, |

standalone financial statements, the Company has adopted Ind AS 115, Revenue from Contracts with Customers ('Ind AS 115') which is the new revenue accounting standard.

The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period.

The Company adopted Ind AS 115 and applied the available exemption provided therein, to not restate the comparative periods.

Revenue from contracts with Customers ('Ind AS 115'), which is the new revenue accounting standard, include –

- Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.
- Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price.
- Selected a sample of continuing and new contracts and performed the following procedures:
 - a) Read, analysed and identified the distinct performance obligations in these contracts.
 - b) Compared these performance obligations with that identified and recorded by the Company.
 - c) Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.
 - d) Performed analytical procedures for reasonableness of revenue recognition as per Ind AS 115.
- Evaluated the changes made to internal reporting and accounting systems to reflect the changes required in revenue recognition as per the new accounting standard;
- Evaluated the cumulative effect adjustments as at 1 April 2018 for compliance with the new revenue standard; and
- Evaluated the appropriateness of the disclosures provided under the new revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures.

Information Other than the Standalone Financial Statements and Auditor's Report thereon

The Company's management and Board of Directors are responsible for the other information.

The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditors' report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit / loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk

of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as on its financial position in its standalone financial statements as mentioned in Note no. 39;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There has been no amount required to be transferred to the Investor Education and Protection Fund by the Company.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16) as amended:
According to the information and explanations give to us, the Company has paid/provided for managerial remuneration amounting to Rs. 5,39,500/- within limits of section II of schedule V of the Act for which the requisite approval of the shareholders in the general meeting is pending as mandated by the provisions of section 197 read with Schedule V to the Act.

**For Ambavat Jain & Associates LLP.
Chartered Accountants
ICAI FRN No: 109681W**

**Place : Mumbai
Date : 21-05-2019**

**Ashish J. Jain
Partner
Membership No. 111829**

CHANDNI MACHINES LIMITED

(Formerly known as Chandni Machines Private Limited)

Annexure – A to the Auditors' Report

(Referred to in paragraph 1 under 'Report on other Legal & Regulatory Requirements' Section of our report of even date)

- [i] (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) These fixed assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- [ii] As informed to us, the inventory in the company's possession has been physically verified at reasonable intervals during the year by the management. The discrepancies noticed on verification between physical stock and book records were not material.
- [iii] The company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or other parties covered in the register maintained u/s.189 of the Companies Act, 2013. Accordingly, clause 3(iii) of the Order is not applicable.
- [iv] As informed to us, the Company has neither given any loans nor made any investment or provided guarantee or security during the year. Accordingly clause 3(iv) of the Order is not applicable
- [v] The company has not accepted any deposits from the public.
- [vi] As informed to us, maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for any of the product of the Company.
- [vii] (a) In our opinion and according to the information and explanations given to us, the company has generally been regular in depositing with the appropriate authorities the undisputed statutory dues applicable to it. There were no arrears of outstanding undisputed statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, custom duty, service tax, excise duty, value added tax, which have not been deposited on account of any dispute.
- [viii] According to the information and explanations given to us, the company has not obtained any loans or borrowings from any banks, financial institutions, government or debenture holders during the year. Accordingly, clause 3(viii) of the order is not applicable.

- [ix] The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- [x] According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit
- [xi] According to the information and explanations give to us, the Company has paid/provided for managerial remuneration amounting to Rs.5,39,500/- within limits of Section II of Schedule V of the Act for which the requisite approval of the shareholders in the general meeting is pending as mandated by the provisions of section 197 read with Schedule V to the Act.
- [xii] In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- [xiii] According to the information and explanations given to us, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- [xiv] According to the information and explanations give to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- [xv] According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- [xvi] According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Ambavat Jain & Associates LLP.
Chartered Accountants
ICAI FRN No: 109681W**

**Place : Mumbai
Date : 21-05-2019**

**Ashish J. Jain
Partner
Membership No. 111829**

CHANDNI MACHINES LIMITED

(Formerly known as Chandni Machines Private Limited)

Annexure - B to the Auditors' Report

(Referred to in paragraph 2 (f) under 'Report on other Legal & Regulatory Requirements' Section of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Chandni Machines Limited ("the Company") as of 31st March 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

Considering the size of the company and nature of its business, in our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Ambavat Jain & Associates LLP.
Chartered Accountants
ICAI FRN No: 109681W**

**Place: Mumbai
Date : 21-05-2019**

**Ashish J.Jain
Partner
Membership No. 111829**

CHANDNI MACHINES LIMITED
(Formerly knowns as Chandni Machines Private Ltd)
Balance Sheet as at 31st March, 2019

| | Particulars | Note No. | AS AT 31-03-2019 Rs. | AS AT 31-03-2018 Rs. |
|-----------|--|----------|----------------------------|----------------------------|
| I | ASSETS | | | |
| (1) | NON-CURRENT ASSETS | | | |
| | (a) Property, Plant and Equipment | 3 | 23,963,575 | 94,553 |
| | (b) Financial Assets | | | |
| | (i) Other Financial Assets | 4 | - | - |
| | (c) Deferred tax assets (Net) | 5 | 106,301 | 249,600 |
| | (d) Other non-current assets | 6 | 1,380,743 | 585,355 |
| | (e) Income-tax Assets (net) | 7 | 57,479 | - |
| (2) | CURRENT ASSETS | | | |
| | (a) Inventories | 8 | 55,230,111 | 40,400,886 |
| | (b) Financial Assets | | | |
| | (i) Trade receivables | 9 | 39,631,285 | 60,030,401 |
| | (ii) Cash and cash equivalents | 10 | 751,603 | 10,515,192 |
| | (iii) Other financial assets | 11 | 11,340 | 8,550 |
| | (c) Other current assets | 12 | 13,743,047 | 12,669,188 |
| | Total Assets | | 134,875,484 | 124,553,726 |
| II | EQUITY AND LIABILITIES | | | |
| (1) | EQUITY | | | |
| | (a) Equity Share capital | 13 | 32,274,330 | 32,274,526 |
| | (b) Other Equity | 14 | 18,740,257 | 17,819,118 |
| (2) | LIABILITIES | | | |
| | CURRENT LIABILITIES | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 15 | 5,850,000 | - |
| | (ii) Trade payables | 16 | | |
| | (a) total outstanding dues of micro enterprises & small enterprises | | 75,600 | 600 |
| | (b) total outstanding dues of creditors other than micro enterprises & small enterprises | | 6,413,598 | 30,424,818 |
| | (b) Other Current Liabilities | 17 | 71,521,699 | 41,583,664 |
| | (c) Current tax liabilities | 18 | - | 2,451,000 |
| | Total Equity and Liabilities | | 134,875,484 | 124,553,726 |

Significant Accounting Policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date
For Ambavat Jain & Associates LLP
Chartered Accountants
Firm Registration No. 109681W

Ashish J. Jain
Partner
Membership No. 111829

J.R. Mehta
Director

A.J. Mehta
Director

Ekta Kheria
Company Secretary

Bharat Shah
Chief Financial Office

Place :MUMBAI
Date : 21-05-2019

Place :MUMBAI
Date : 21-05-2019

CHANDNI MACHINES LIMITED

(Formerly knowns as Chandni Machines Private Ltd)

Statement of Profit and Loss for the year ended 31st March, 2019

| Particulars | | Note No. | 2018-19 Rs. | 2017-18 Rs. |
|-----------------|--|----------|--------------------|--------------------|
| Income | | | | |
| I | Revenue From Operation | 19 | 112,523,244 | 197,487,177 |
| II | Other Income | 20 | 4,727,738 | 1,114,841 |
| III | Total Income (I + II) | | 117,250,982 | 198,602,018 |
| Expenses | | | | |
| IV | a) Purchases of Stock-in-Trade | 21 | 115,118,985 | 189,604,496 |
| | b) Change in inventories of Stock-in-Trade | 22 | (14,892,225) | (8,626,078) |
| | c) Employee benefits expense | 23 | 3,245,346 | 2,100,765 |
| | d) Finance costs | 24 | - | 77,290 |
| | e) Depreciation | 3 | 99,194 | 12,932 |
| | f) Other expenses | 25 | 12,330,335 | 4,418,054 |
| | Total Expenses (IV) | | 115,901,635 | 187,587,460 |
| V | Profit before tax (III - IV) | | 1,349,347 | 11,014,558 |
| VI | Tax expenses : | 26 | | |
| | (i) Current tax | | 285,104 | 3,050,000 |
| | (ii) Deferred tax | | 143,299 | (249,600) |
| | | | 428,403 | 2,800,400 |
| VII | Profit for the period (V - VI) | | 920,943 | 8,214,157 |
| VIII | Other Comprehensive Income | | - | - |
| IX | Total Comprehensive Income for the period(VII+VIII) | | 920,943 | 8,214,157 |
| X | Earnings per equity share | 27 | | |
| | (a) Basic | | 0.29 | 13.88 |
| | (b) Diluted | | 0.29 | 13.88 |

Significant Accounting Policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date
For Ambavat Jain & Associates LLP
Chartered Accountants
Firm Registration No. 109681W

On behalf of the Board

J.R. Mehta
Director

A.J. Mehta
Director

Ashish J. Jain
Partner
Membership No. 111829

Ekta Kheria
Company Secretary

Bharat Shah
Chief Financial Officer

Place :MUMBAI
Date : 21-05-2019

Place :MUMBAI
Date : 21-05-2019

CHANDNI MACHINES LIMITED
(Formerly known as Chandni Machines Private Ltd)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

Accounting Policy

Cash flows are reported using the indirect method, whereby profit/(loss) for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

Amendment to Ind AS 7

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

| Particulars | 2018-19 | 2017-18 |
|---|---------------------|---------------------|
| | Rupees | Rupees |
| Cash flow from operating activities | | |
| Profit before Tax | 1,349,347 | 11,014,558 |
| Adjustment for : | | |
| Depreciation and Amortisation Expense | 99,194 | 12,932 |
| Preoperative Expenses written off | - | 5,000 |
| Preliminary Expenses W/off | 90,336 | 25,161 |
| Demerger Expenses Writtenoff | 252,882 | 90,336 |
| Interest Expense | - | 77,290 |
| Cash operaing profit before working capital changes | 1,791,759 | 11,225,277 |
| Adjustment for : | | |
| (Increase)/Decrease in trade receivables | 20,399,116 | (60,030,401) |
| (Increase)/Decrease in Inventories | (14,829,225) | (40,400,886) |
| (Increase)/Decrease in Other Financial Assets | (2,790) | (8,550) |
| (Increase)/Decrease in Other Current Assets | (1,073,858) | (12,669,188) |
| (Increase)/Decrease in Other non-current assts | - | (123,365) |
| Increase/(Decrease) in trade payables | (23,936,220) | 30,420,418 |
| Increase/(Decrease) in Other non -current Lialities | 29,938,035 | 41,131,982 |
| Increase/(Decrease) in Other current Lialities | - | - |
| Cash generated from operating activities | 12,286,817 | (30,454,713) |
| Income taxes paid (net of refund) | (2,793,583) | (599,000) |
| Net Cash generated from operating activities | 9,493,233 | (31,053,713) |
| Cash flow from Investing activities | | |
| Purchase of Property, Plant and Equipments | (23,968,216) | (107,485) |
| Payment for Demerger Expenses | (1,138,606) | (125,806) |
| Payment for Preliminary Expenses/Preoperative expenses | - | - |
| Net cash generated/(used) from investing activities | (25,106,822) | (233,291) |
| Cash flow from Financing activities | | |
| short term borrowings received | 5,850,000 | - |
| Interest paid | - | (77,290) |
| Net cash generated/(used) from financing activities | 5,850,000 | (77,290) |
| Net cash inflow on account of Demerger of Engineering Division | - | 41,779,486 |
| Net Increase/(decrease) in cash and cash equivalents | (9,763,589) | 10,415,192 |
| Cash and cash equivalents at the beginning of the year | 10,515,192 | 100,000 |
| Cash and cash equivalents at end of the year | 751,603 | 10,515,192 |

As per our report of even date

For Ambvat Jain & Associates LLP

Chartered Accountants

Firm Registration No. 109681W

On behalf of the Board

J.R. Mehta
Director

A.J. Mehta
Director

Ashish J. Jain

Partner

Membership No. 111829

Ekta Kheria
Company Secretary

Bharat Shah
Chief Financial Officer

Place : MUMBAI

Date : 21-05-2019

Place : MUMBAI

Date : 21-05-2019

CHANDNI MACHINES LIMITED.
(Formerly known as Chandni Machines Private Ltd)
STATEMENT OF CHANGES IN EQUITY

| Particulars | Equity Share Capital | Other Equity | | | Total Other Equity | Total Equity |
|---|----------------------|----------------------|-------------------|-------------------------------------|--------------------|--------------|
| | | Reserves and Surplus | | Items of Other Comprehensive Income | | |
| | | Capital Reserve | Retained Earnings | | | |
| A | | | | B | (A+B) | |
| As at 1 April 2017 | 100,000 | | - | - | - | 100,000 |
| Profit of demerged undertaking from 1-7-2016 i.e. appointed date to 31-3-2017 transferred from CTEIL in pursuance to scheme of demerger | - | - | 5,502,216 | - | 5,502,216 | 5,502,216 |
| Equity shares cancelled in pursuance to scheme of demerger | (100,000) | | - | - | - | (100,000) |
| Equity share capital issued in pursuance to the scheme of demerger, pending allotment | 32,274,330 | | | - | - | 32,274,330 |
| Fractional Entitlements due to scheme of demerger | 196 | | | | - | 196 |
| Excess of assets taken over in pursuance to the scheme of demerger | | 4,102,745 | | | 4,102,745 | 4,102,745 |
| Profit for the year | | | 8,214,157 | - | 8,214,157 | 8,214,157 |
| Other Comprehensive income | | | - | - | - | - |
| Total comprehensive income for the year | - | - | 8,214,157 | - | 8,214,157 | 8,214,157 |
| As at 31 March 2018 | 32,274,526 | 4,102,745 | 13,716,373 | - | 17,819,118 | 50,093,644 |
| Less /Add : Upon rounding off fractions to nearest integer | (196) | 196 | | | 196 | - |
| Profit for the year | | | 920,943 | | 920,943 | 920,943 |
| Other Comprehensive income | | | | | | |
| Total comprehensive income for the year | (196) | 196 | 920,943 | - | 921,139 | 920,943 |
| As at 31st March, 2019 | 32,274,330 | 4,102,941 | 14,637,316 | - | 18,740,257 | 51,014,587 |

As per our report of even date
For Ambavat Jain & Associates LLP
Chartered Accountants
Firm Registration No. 109681W

On behalf of the Board

Ashish J. Jain
Partner
Membership No. 111829

J.R. Mehta
Director

A.J. Mehta
Director

Ekta Kheria
Company Secretary

Bharat Shah
Chief Financial Officer

Place : MUMBAI
Date : 21-05-2019

Place : MUMBAI
Date : 21-05-2019

CHANDNI MACHINES LIMITED

(Formerly known as Chandni Machines Private Ltd.)

NOTES ON THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Chandni Machines Ltd. is a company limited by shares, incorporated and domiciled in India having its Registered Office at 110 T.V. Industrial Estate, 52, S.K. Ahire Marg, Worli, Mumbai 400 030. The Company is primarily engaged in trading of engineering goods.

2. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these separate Financial Statements of Chandni Machines Ltd. These policies have been consistently applied to all the period presented, unless otherwise stated.

a) Basis of preparation

(i) Compliance with Ind AS

These Financial Statement have been prepared in accordance with the Companies (Indian Accounting Standards)Rules, 2015 as a going concern on an accrual basis.

(ii) Historical cost convention

The Financial Statements have been prepared on a historical cost basis, except otherwise stated in the financial statements.

(iii) Use of estimates

In preparing the Financial Statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of Financial Statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognized in the period the same is determined.

b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

c) Fair value measurement

The Company measures financial instruments, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market

participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of un-observable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 —Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 —Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarizes accounting policy for a fair value. Other fair value related disclosures are given in the relevant notes.

d) Revenue recognition

The Company earns revenue primarily from sale of products and sale of services. W.e.f. April 1, 2018 the company has adopted Ind 115 – “Revenue from Contracts with Customers” under the modified retrospective approach. The application of the standard does not have any significant impact on the retained earnings as at 1st April, 2018 or on these financial statements. The comparative information has not been restated and continues to be reported under erstwhile Ind AS 18 and Ind AS 11.

Sale of Products and Services

Revenues are recognized when the Company satisfies the performance obligation by transferring a promised product or service to a customer. A product is transferred when the customer obtains control of that product. To recognize revenues, company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Engineering Services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the end of reporting period

Interest Income

Revenue from Interest is recognized on accrual basis and determined by contractual rate of interest.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is measured net of indirect taxes, returns and discounts.

e) Transactions in Foreign Currency

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Premium on forward cover contracts, if any, in respect of imports is charged to profit & loss account over the

period of contract. All monetary assets and liabilities as at the Balance sheet date, not covered by forward contracts are restated at the applicable exchange rates prevailing on that date. All exchange differences arising on transactions, not covered by forward contracts, are charged to Profit & Loss Account.

f) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, cash at bank and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

g) Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

h) Inventories

Inventories are valued at the lower of cost and net realizable value.

- Costs includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

i) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation.

Historical Cost represents direct expenses incurred on acquisition or construction of the assets and the share of indirect expenses relating to construction allocated in proportion to the direct cost involved.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment, is provided on 'Straight Line Method' based on useful life as prescribed under Schedule II of the Companies Act 2013.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

j) **Financial instruments**

Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss directly attributable transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

Classification

- Cash and Cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits with banks.

- Debt Instruments

The Company classifies its debt instruments as subsequently measured at amortised cost, fair value through Other Comprehensive Income or fair value through profit or loss based on its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

- (i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these

financial assets is included as a part of the Company's income in the Statement of Profit and Loss using the effective interest rate method.

(ii) Financial assets at fair value through Other Comprehensive Income (FVOCI)

Financial assets are subsequently measured at fair value through Other Comprehensive Income if these financial assets are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest. Movements in the carrying value are taken through Other Comprehensive Income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to the Statement of Profit and Loss. Interest income on such financial assets is included as a part of the Company's income in the Statement of Profit and Loss using the effective interest rate method.

(iii) Financial assets at fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on such debt instrument that is subsequently measured at FVTPL as well as interest income is recognised in the Statement of Profit and Loss.

Derecognition

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset. Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Impairment of financial assets

The Company assesses, at each reporting date, whether a financial asset or a group of financial assets is impaired. Ind AS-109 on Financial Instruments, requires expected credit losses to be measured through a loss allowance. For trade receivables only, the Company recognises expected lifetime losses using the simplified approach permitted by Ind AS-109, from initial recognition of the receivables. For other financial assets (not being equity instruments or debt instruments measured subsequently at FVTPL) the expected credit losses are measured at the 12 month expected credit losses or an amount equal to the lifetime expected credit losses if there has been a significant increase in credit risk since initial recognition.

k) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortized cost using the effective interest method.

l) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of respective assets during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

m) Employee Benefits

(i) Short-term obligations

The costs of all short-term employee benefits (that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service) are recognised during the period in which the employee renders the related services. The accruals for employee entitlements of benefits such as salaries, bonuses and annual leave represent the amount which the Company has a present obligation to pay as a result of the employees' services and the obligation can be measured reliably. The accruals have been calculated at undiscounted amounts based on current salary levels at the Balance Sheet date.

(ii) Post-employment obligations

The Company operates the following post-employment schemes:

(iii) Provident Fund –

The Company pays provident fund contributions to a fund administered by Government Provident Fund Authority. The Company has no further payment obligations once the contributions have been paid. The contributions are

accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

n) Tax expenses

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted, by the end of the reporting period.

(ii) Deferred Tax

Deferred Income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate Financial Statements.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and Deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other Comprehensive Income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Minimum Alternate Tax is accounted for in accordance with tax laws which give rise to future economic benefits in the form of tax credit against which future income tax liability is adjusted and is recognized as deferred tax asset in the balance sheet.

o) Earnings per share

Basic earnings per share is computed by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share.

p) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period. In case of such reversal, the carrying amount of the asset is increased so as not to exceed the carrying amount that would have been determined had there been no impairment loss.

q) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when there is a present legal or statutory obligation or constructive obligation as a result of past events and where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets where it is probable that future economic benefits will flow to the Company are not recognised but disclosed in the Financial Statements. However, when the realization of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

CHANDNI MACHINES LTD.
(Formerly knowns as Chandni Machines Private Ltd)
Notes forming part of the Financial Statements

3 Property, Plant and Equipment

| Particulars | G R O S S C A R R Y I N G A M O U N T | | | | D E P R E C I A T I O N | | | | | N E T C A R R Y I N G A M O U N T | |
|----------------------------|---------------------------------------|-------------------|----------------------------|---------------------|-------------------------|---------------------------------------|---------------|----------------------------|--------------------|-----------------------------------|---------------------|
| | As at 01/04/2018 | Additions | Deductions/ Adjustments | As at 31/03/2019 | Upto 31/03/2018 | Transfer from CTEIL on demerger | For the year | Deductions/ Adjustments | Upto 31/03/2019 | As at 31/03/2019 | As at 31/03/2018 |
| Office Premises | | 23,708,750 | | 23,708,750 | | | 53,443 | | 53,443 | 23,655,307 | - |
| Furniture & Fixtures | 11,250 | - | - | 11,250 | 391 | - | 1,335 | - | 1,726 | 9,524 | 10,859 |
| Office Equipments | 2,188 | 210,266 | - | 212,454 | 171 | - | 26,611 | - | 26,782 | 185,672 | 2,017 |
| Computer | - | 49,200 | - | 49,200 | - | - | 5,799 | - | 5,799 | 43,401 | - |
| Vehicles | 50,356 | - | - | 50,356 | 10,877 | - | 4,706 | - | 15,583 | 34,773 | 39,479 |
| Air Conditioners | 23,500 | - | - | 23,500 | 12,186 | - | 2,555 | - | 14,741 | 8,759 | 11,314 |
| Electrical Fittings | 51,967 | - | - | 51,967 | 21,083 | - | 4,745 | - | 25,828 | 26,139 | 30,884 |
| Total | 139,261 | 23,968,216 | - | 24,107,477 | 44,708 | - | 99,194 | - | 143,902 | 23,963,575 | 94,553 |
| Total Previous Year | - | 139,261 | - | 139,261 | - | 31,776 | 12,932 | - | 44,708 | 94,553 | - |

CHANDNI MACHINES LTD.

(Formerly known as Chandni Machines Private Ltd)

Notes forming part of the Financial Statements

| | AT AT 31-03-2019 ₹ | AT AT 31-03-2018 ₹ |
|---|--------------------------|--------------------------|
| 4 <u>OTHER NON-CURRENT FINANCIAL ASSETS</u> (Unsecured considered good) | | |
| Security Deposits at amortised costs | 75,000 | 75,000 |
| Less : Allowance for doubtful deposits | (75,000) | (75,000) |
| | <u>-</u> | <u>-</u> |
| 5 <u>DEFERRED TAX ASSETS (NET)</u> | | |
| Deferred Tax Assets : | | |
| Expenses allowable on payment basis under Tax Laws | 30,766 | 14,228 |
| Mat credit entitlement | 136,222 | - |
| Allowances for doubtful advances / deposits | 237,175 | 237,175 |
| | <u>404,164</u> | <u>251,403</u> |
| Deferred tax Liabilities : | | |
| Timing difference on account of depreciation | (297,863) | (1,803) |
| | <u>(297,863)</u> | <u>(1,803)</u> |
| Net Deferred Tax Assets | <u>106,301</u> | <u>249,600</u> |
| 6 <u>OTHER NON-CURRENT ASSETS</u> (Unsecured considered good) | | |
| Deposit with Government Authorities | 123,365 | 123,365 |
| Others | 1,257,378 | 461,990 |
| | <u>1,380,743</u> | <u>585,355</u> |
| 7 <u>INCOME TAX ASSETS (net)</u> | | |
| Advance Tax / TDS less provisions | 57,479 | - |
| | <u>57,479</u> | <u>-</u> |
| 8 <u>INVENTORIES</u> (As taken, valued and certified by the management) | | |
| Stock-in-trade | 55,230,111 | 40,337,886 |
| Spares & Stores | - | 63,000 |
| | <u>55,230,111</u> | <u>40,400,886</u> |
| 9 <u>TRADE RECEIVABLES</u> | | |
| Trade Receivables considered good - Unsecured | 39,631,285 | 60,030,401 |
| | <u>39,631,285</u> | <u>60,030,401</u> |
| 10 <u>CASH & CASH EQUIVALENTS</u> | | |
| Balances with banks | | |
| -in current accounts | 102,308 | 10,247,134 |
| Cash on hand | 649,295 | 268,058 |
| | <u>751,603</u> | <u>10,515,192</u> |
| 11 <u>OTHER CURRENT FINANCIAL ASSETS</u> (Unsecured, considered good) | | |
| Security Deposits at amortised cost | 11,340 | 8,550 |
| | <u>11,340</u> | <u>8,550</u> |

CHANDNI MACHINES LTD.

(Formerly knowns as Chandni Machines Private Ltd)

Notes forming part of the Financial Statements

| | AT AT 31-03-2019 ₹ | AT AT 31-03-2018 ₹ | | |
|---|--------------------------|--------------------------|---------------------|----------|
| 12 <u>OTHER CURRENT ASSETS:</u> | | | | |
| Unsecured, Considered Good | | | | |
| Balances with Govt. Authorities | 5,234,005 | - | | |
| Claims & Other Receivables | 576,212 | 2,258,868 | | |
| Advances to vendors | 7,396,473 | 10,232,436 | | |
| Prepaid Expenses | 536,356 | 177,884 | | |
| | 13,743,047 | 12,669,188 | | |
| Unsecured, Considered Doubtful | | | | |
| Advances to vendors/others | 837,211 | 837,211 | | |
| Less :- Allowance for doubtful advances | 837,211 | 837,211 | | |
| | - | - | | |
| | 13,743,047 | 12,669,188 | | |
| 13 <u>EQUITY SHARE CAPITAL</u> | | | | |
| 13.1 <u>AUTHORISED:</u> | | | | |
| 32,50,000 (32,50,000) Equity Shares of Rs. 10/-each | 32,500,000 | 32,500,000 | | |
| | 32,500,000 | 32,500,000 | | |
| 13.2 <u>ISSUED, SUBSCRIBED AND FULLY PAID</u> | | | | |
| 32,27,433 (10,000) Equity Shares of Rs.10/- each | 32,274,330 | 100,000 | | |
| Less : Equity Shares cancelled in pursuance to scheme of demerger | - | (100,000) | | |
| Equity shares issued in pursuance to scheme of demerger, pending allotment | - | 32,274,330 | | |
| Fractional Entitlements due to scheme of demerger | 196 | 196 | | |
| Less : transferrd to capital reserve on allotment of shares | (196) | - | | |
| | 32,274,330 | 32,274,526 | | |
| 13.3 The reconciliation of the number of shares outstanding is set out below : | | | | |
| Equity Shares of Rs.10/- each at the beginning of the year | Pending Allotment | 10,000 | | |
| Allotted during the year as per scheme of demerger | 3,227,433 | - | | |
| Equity Shares of Rs.10/- each at the end of the year | 3,227,433 | Pending Allotment | | |
| 13.4 The Company has only one class of equity shares. These shares rank pari passu in all respects including voting rights, entitlement to dividend and distribution of assets of the Company in the event of liquidation. | | | | |
| 13.5 The details of Shareholders holding more than 5% shares | | | | |
| Name of the Shareholder | No of Shares | % | No of Shares | % |
| Mr. Jayesh R. Mehta | 838,418 | 25.98 | - | - |
| Mrs. Amita J. Mehta | 551,925 | 17.10 | - | - |
| Sykes and Ray Equities (Mumbai) Pvt Ltd | 382,072 | 11.84 | - | - |
| International Financial Services Ltd | 247,467 | 7.67 | - | - |
| 14 <u>OTHER EQUITY</u> | | | | |
| <u>Reserves & Surplus</u> | | | | |
| a) <u>Capital Reserve</u> | | | | |
| Opening Balance | 4,102,745 | - | | |
| Add : Excess of assets taken over in pursuance to the scheme of demerger | - | 4,102,745 | | |
| Add : Upon rounding off fractions to nearest integer | 196 | - | | |
| Closing Balance | 4,102,941 | 4,102,745 | | |
| b) <u>Retained Earnings</u> | | | | |
| Opening Balance | 13,716,373 | - | | |
| Add : Profit of demerged undertaking transferred in pursuance to the scheme of demerger | - | 5,502,216 | | |
| Add : Profit for the year | 920,943 | 8,214,157 | | |
| Closing Balance | 14,637,316 | 13,716,373 | | |
| | 18,740,257 | 17,819,118 | | |

CHANDNI MACHINES LTD.
(Formerly knowns as Chandni Machines Private Ltd)

Notes forming part of the Financial Statements

| | AT AT 31-03-2019 ₹ | AT AT 31-03-2018 ₹ |
|--|--|--------------------------|
| 15 | <u>CURRENT BORROWINGS</u> | |
| | <u>Unsecured :</u> | |
| From Director | 5,850,000 | - |
| | 5,850,000 | - |
| 16 | <u>TRADE PAYABLES</u> | |
| Outstanding dues to micro enterprises & small enterprises | 75,600 | 600 |
| Outstanding dues of creditors other than micro enterprises & small enterprises | 6,413,598 | 30,424,818 |
| | 6,489,198 | 30,425,418 |
| (Refer note No. 32 for additional information under the MSMED Act, 2006) | | |
| 17 | <u>OTHER CURRENT LIABILITIES</u> | |
| Advances received from customers | 36,203,049 | 20,439,013 |
| Statutory Dues payable | 135,656 | 37,005 |
| Bank- As per books | 1,551,535 | - |
| Others | 33,631,458 | 21,107,646 |
| | 71,521,699 | 41,583,664 |
| 18 | <u>CURRENT TAX LIABILITIES</u> | |
| for Income Tax | - | 2,451,000 |
| | - | 2,451,000 |
| | 2018-19 | 2017-18 |
| 19 | <u>REVENUE FROM OPERATIONS</u> | |
| Sales of Products | 110,874,840 | 193,837,177 |
| Sales of Services | 1,648,404 | 3,650,000 |
| | 112,523,244 | 197,487,177 |
| 19.1 | <u>PARTICULARS OF SALE OF PRODUCTS</u> | |
| Engineering Goods | 110,874,840 | 193,837,177 |
| | 110,874,840 | 193,837,177 |
| 19.2 | <u>PARTICULARS OF SALE OF SERVICES</u> | |
| Engineering Services | 1,648,404 | 3,650,000 |
| | 1,648,404 | 3,650,000 |
| 20 | <u>OTHER INCOME :</u> | |
| Interest Income : | | |
| on Bank Fixed Deposits | 191,161 | - |
| on Others | 2,902,455 | - |
| Foreign Exchange gains - (Net) | 1,491,355 | 434,115 |
| Sundry Balances W/off | 138,392 | - |
| Miscellaneous Income | 4,375 | 680,726 |
| | 4,727,738 | 1,114,841 |
| 21 | <u>PURCHASES OF STOCK-IN-TRADE</u> | |
| Engineering Goods | 115,068,438 | 189,604,496 |
| Textile Goods | 50,547 | - |
| | 115,118,985 | 189,604,496 |
| 22 | <u>CHANGES IN INVENTORIES OF STOCK-IN-TRADE</u> | |
| Opening Stock (Transferred from CTEIL on demerger) | | |
| Stock-in-trade | 40,337,886 | 31,711,808 |
| Less : Closing Stock : | | |
| Stock-in-trade | 55,230,111 | 40,337,886 |
| | (14,892,225) | (8,626,078) |

CHANDNI MACHINES LTD.
(Formerly knowns as Chandni Machines Private Ltd)
Notes forming part of the Financial Statements

| | 2018-19 | 2017-18 |
|--|-------------------|------------------|
| | ₹ | ₹ |
| 23 <u>EMPLOYEE BENEFITS EXPENSES</u> | | |
| Salaries, Wages, Bonus etc. | 3,184,366 | 2,034,308 |
| Contribution to Provident Fund and other funds | 26,514 | 33,223 |
| Employees Welfare Expenses | 34,466 | 33,234 |
| | 3,245,346 | 2,100,765 |
| 24 <u>FINANCE COSTS</u> | | |
| Interest Expenses | - | 77,290 |
| | - | 77,290 |
| 25 <u>OTHER EXPENSES</u> | | |
| Stores & Spares | 167,304 | 18,104 |
| Bank Charges | 10,792 | 4,829 |
| Clearing, Fowarding & Freight | 20,116 | 274,856 |
| Commission & Brokerage | 7,530,000 | 81,783 |
| Security Service charges | 264,000 | 271,450 |
| Exhibition Expenses | 118,399 | - |
| Travelling & Conveyance | 1,676,474 | 365,176 |
| Telephone, Postage & Telegram | 40,099 | 125,424 |
| Electricity Charges | - | 24,355 |
| Sales Promotion & Advertisement | 310,150 | 335,197 |
| Insurance | 74,146 | 95,973 |
| Legal & Professional Charges | 550,450 | 55,465 |
| Rent | 151,625 | 463,788 |
| Rates & taxes | - | 4,000 |
| Repairs - Others | 232,229 | 422,817 |
| General Expenses | 669,622 | 192,910 |
| Sales-tax & Service-tax | 1,711 | 69,893 |
| Payment to Auditors : | | |
| - As Auditor | 170,000 | 100,000 |
| - For Other matters | - | 5,900 |
| | 170,000 | 105,900 |
| Baddebts / Sundry balances written off | - | 473,424 |
| Allowance for doubtful advances/deposits | - | 912,211 |
| Preliminary Expenses written off | 90,336 | 90,336 |
| Demerger Expenses written off | 252,882 | 25,161 |
| Preoperative Expenses written off | - | 5,000 |
| | 12,330,335 | 4,418,054 |

CHANDNI MACHINES LTD.
(Formerly knowns as Chandni Machines Private Ltd)

Notes forming part of the Financial Statements

| | 2018-19 Rs. | 2017-18 Rs. |
|---|------------------|-------------------|
| 26 TAX EXPENSE | | |
| (a) Income tax | | |
| Tax on profits for the year | 259,614 | 3,050,000 |
| Tax for prior year | 25,490 | - |
| Total income tax | <u>285,104</u> | <u>3,050,000</u> |
| (b) Deferred tax | | |
| Decrease / (Increase) in deferred tax assets | (152,761) | (251,403) |
| (Decrease) / Increase in deferred tax liabilities | 296,060 | 1,803 |
| Total deferred tax expense/(benefit) | <u>143,299</u> | <u>(249,600)</u> |
| Total tax expense | <u>428,403</u> | <u>2,800,400</u> |
| (c) Reconciliation of tax expense and the accounting profit multiplied by tax rate : | | |
| Profit before income tax expenses | <u>1,349,347</u> | <u>11,014,557</u> |
| Tax at the rate of 26% / 27.5525% | 350,830 | 3,034,786 |
| Tax effect of expenses which are not deductible : | 52,083 | 1,378 |
| Tax effect on setoff of unused losses transferred on demerger | - | (473,800) |
| Tax effect on adjustment due to change in tax rates and interest | - | 238,036 |
| Tax of prior year | 25,490 | - |
| Tax expense as per Income Tax | <u>428,403</u> | <u>2,800,400</u> |
| 27 Earnings per Share :- Basic and Diluted | | |
| a) Profit after tax | Rs. 920,943 | 8,214,157 |
| b) Weighted Average Number of Equity shares outstanding | Nos. 3,227,433 | 591,786 |
| c) The nominal value per Equity Share | Rs. 10 | 10 |
| d) Earnings per Share -Basic & Diluted | Rs. 0.29 | 13.88 |

CHANDNI MACHINES LTD.
(Formerly knowns as Chandni Machines Private Ltd)
Notes forming part of the Financial Statements

28 FAIR VALUE MEASUREMENTS

Financial instruments by category

| | As at 31/03/2019 | | As at 31/03/2018 | |
|-----------------------------------|------------------|----------------|------------------|----------------|
| | FVPL | Amortised cost | FVPL | Amortised cost |
| <u>Financial Assets</u> | | | | |
| Trade receivables | - | 39,631,285 | - | 60,030,401 |
| Cash & Cash Equivalents | - | 751,603 | - | 10,515,192 |
| Security Deposit | - | 11,340 | - | 8,550 |
| Total Financial Assets | - | 40,394,228 | - | 70,554,143 |
| <u>Financial Liability</u> | | | | |
| Borrowings | - | 5,850,000 | - | - |
| Trade payables | - | 6,413,598 | - | 30,424,818 |
| Total Financial Liability | - | 12,263,598 | - | 30,424,818 |

CHANDNI MACHINES LTD.
(Formerly known as Chandni Machines Private Ltd)
Notes forming part of the Financial Statements

29. Fair value hierarchy

(i) Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as at 31.03.2019:

| | Fair value measurement using | | | | Total |
|---|------------------------------|--|--|--|------------|
| | Date of valuation | Quoted price in active market level(1) | Significant observable inputs level(2) | Significant unobservable inputs level(3) | |
| <u>Financial Assets at amortised cost</u> | | | | | |
| Trade Receivables | 31-03-2019 | | 39,631,285 | | 39,631,285 |
| Bank Balances | 31-03-2019 | | 102,308 | | 102,308 |
| Security Deposits | 31-03-2019 | | 11,340 | | 11,340 |
| <u>Financial Liabilities at amortised cost</u> | | | | | |
| Borrowings | 31-03-2019 | | 5,850,000 | | 5,850,000 |
| Trade payable | 31-03-2019 | | 6,489,198 | | 6,489,198 |

(ii) Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as at 31.03.2018:

| | Fair value measurement using | | | | Total |
|---|------------------------------|--|--|--|------------|
| | Date of valuation | Quoted price in active market level(1) | Significant observable inputs level(2) | Significant unobservable inputs level(3) | |
| <u>Financial Assets at amortised cost</u> | | | | | |
| Trade Receivables | 31-03-2018 | | 60,030,401 | | 60,030,401 |
| Bank Balances | 31-03-2018 | | 10,247,134 | | 10,247,134 |
| Security Deposits | 31-03-2018 | | 8,550 | | 8,550 |
| <u>Financial Liabilities at amortised cost</u> | | | | | |
| Trade payable | 31-03-2018 | | 30,425,418 | | 30,425,418 |

Level 1: Level 1 hierarchy includes Financial Instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. Fair value of mutual funds is determined based on the closing NAV.

Level 2: The fair value of Financial Instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, security deposits included in level 3.

CHANDNI MACHINES LTD.
(Formerly knowns as Chandni Machines Private Ltd)
Notes forming part of the Financial Statements

30 Financial Risk Management

The Company's activities expose it to market risk (including currency risk, interest rate risk and other price risk), liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk :

The Company's risk management is carried out by chief financial officer under policies approved by the Board of Directors. Company's chief financial officer identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments and investment of excess liquidity. The risk management includes identification, evaluation and identifying the best possible option to reduce such risk.

(A) Market risk

(i) Foreign currency risk

Foreign currency risk arises from future commercial transactions and recognized assets or liabilities denominated in a currency that is not the Company's functional currency (INR). This is closely monitored by the Management to decide on the requirement of hedging. The position of unhedged foreign currency exposure to the Company as at the end of the year expressed in INR are as follows :

| Currency | 31-03-2019 | 31-03-2018 | 31-03-2019 | 31-03-2018 | 31-03-2019 | 31-03-2018 |
|-----------------------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------------|------------------------------|
| | Asset (Receivable) | Asset (Receivable) | Liability (Payable) | Liability (Payable) | Net Receivable/ (Payable) | Net Receivable/ (Payable) |
| US Dollar (USD) | 389,485 | 1,086,746 | - | 1,353,432 | 389,485 | (266,686) |
| Great Britain Pound (GBP) | 2,241,846 | 2,257,614 | - | - | 2,241,846 | 2,257,614 |
| Euro | 4,138,873 | 1,614,981 | - | - | 4,138,873 | 1,614,981 |
| AUD | - | 4,661,095 | - | - | - | 4,661,095 |
| Exposure to foreign currency risk | 6,770,204 | 9,620,437 | - | 1,353,432 | 6,770,204 | 8,267,005 |

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

| | Impact on profit Increase/(Decrease) | |
|--------------------------|--------------------------------------|----------------|
| | March 31, 2019 | March 31, 2018 |
| USD sensitivity | | |
| INR/USD Increases by 5% | 19,474 | (13,334) |
| INR/USD Decreases by 5% | (19,474) | 13,334 |
| EURO sensitivity | | |
| INR/EURO Increases by 5% | 206,944 | 80,749 |
| INR/EURO Decreases by 5% | (206,944) | (80,749) |
| GBP sensitivity | | |
| INR/GBP Increases by 5% | 112,092 | 112,881 |
| INR/GBP Decreases by 5% | (112,092) | (112,881) |
| AUD sensitivity | | |
| INR/AUD Increases by 5% | - | 233,055 |
| INR/AUD Decreases by 5% | - | (233,055) |

Holding all other variables constant.

(ii) Interest rate risk

The Company has interest free borrowings and hence is not exposed to interest rate risk.

(B) Credit risk

Credit risk arises when a counter party defaults on contractual obligations resulting in financial loss to the Company. Trade receivables consist of large number of customers, spread across diverse industries and geographical areas. In order to mitigate the risk of financial loss from defaulters, the Company has an ongoing credit evaluation process in respect of customers who are allowed credit period. In respect of walk-in customers the Company does not allow any credit period and therefore, is not exposed to any credit risk. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 90 days past due.

(C) Liquidity risk

The Company has sufficient cash and cash equivalent and other liquid current financial assets which can be easily realised in cash or cash equivalent in short time. Therefore there is no significant liquidity risk.

(i) Maturities of Financial Liabilities

The tables below analyse the Company's Financial Liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative Financial Liabilities.

Contractual maturities of Financial Liabilities:

| | Not later than 1 year | Between 1 to 5 years | Later than 5 years | Total |
|------------------------|--------------------------|-------------------------|-----------------------|-------------------|
| 31-Mar-19 | | | | |
| Non-derivatives | | | | |
| Borrowings | 5,850,000 | - | - | 5,850,000 |
| Trade Payables | 6,489,198 | - | - | 6,489,198 |
| | <u>12,339,198</u> | <u>-</u> | <u>-</u> | <u>12,339,198</u> |
| 31-Mar-18 | | | | |
| Non-derivatives | | | | |
| Trade Payables | 30,425,418 | - | - | 30,425,418 |
| | <u>30,425,418</u> | <u>-</u> | <u>-</u> | <u>30,425,418</u> |

31. Capital management

For the purpose of the Company's capital management, equity includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value. The Company's Capital Management objectives are to maintain equity including all reserves to protect economic viability and to finance any growth opportunities that may be available in future so as to maximize shareholders' value. The Company is monitoring capital using debt equity ratio as its base, which is debt to equity. The company's policy is to keep debt equity ratio below one and infuse capital if and when it is required through issue of new shares and/or better operational results and efficient working capital management.

In order to achieve the aforesaid objectives, the Company has not sanctioned any major capex since inception. However, modernization, upgradation and continued marginal expansions have been to remain competitive and improve product quality through efficient machinery. There is constant endeavour to reduce debt as much as feasible and practical by improving operational and working capital management.

Debt-to-equity ratio are as follows:

| | 31-03-2019 | 31-03-2018 |
|-------------------|------------|------------|
| Debt (A) | 5,850,000 | - |
| Equity (B) | 51,014,587 | 50,093,644 |
| Debt/Equity (A/B) | 0.11 | - |

CHANDNI MACHINES LIMITED.
(Formerly known as Chandni Machines Private Ltd.)

32. Additional information in terms of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 in respect of amount outstanding to Micro and Small Enterprises based on the information available with the Company are given below :-

| | 31-03-2019 | 31-3-2018 |
|---|-------------------|------------------|
| i) Principal amount remaining unpaid on | 75,600 | 600 |
| ii) Interest due thereon as on | Nil | Nil |
| iii) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, alongwith the amount of the payment made to the supplier beyond the appointed day during the year. | Nil | Nil |
| iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006. | Nil | Nil |
| v) Interest accrued and remaining unpaid as at | Nil | Nil |
| vi) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises. | Nil | Nil |

33. VALUE OF STORES, SPARES & PACKING MATERIALS CONSUMED :

| | 2018-19 | | 2017-18 | |
|------------|-----------------|------------|----------------|------------|
| | <u>Rs.</u> | <u>%</u> | <u>Rs.</u> | <u>%</u> |
| Imported | Nil | 0 | Nil | 0 |
| Indigenous | 1,67,304 | 100 | 18,104 | 100 |
| | ----- | ----- | ----- | ----- |
| | 1,67,304 | 100 | 18,104 | 100 |
| | ===== | ===== | ===== | ===== |

34. VALUE OF IMPORTS ON CIF BASIS

| | 2018-19 | 2017-18 |
|-------------------|----------------|----------------|
| | (Rs.) | (Rs.) |
| Engineering Goods | 7,67,64,460 | 3,00,64,321 |
| Textiles Goods | 47,433 | Nil |

35. EXPENDITURE IN FOREIGN CURRENCY (on accrual basis)

| | | |
|--------------------|-----------|----------|
| Foreign Travelling | 17,10,044 | 3,74,122 |
|--------------------|-----------|----------|

36. Disclosures as per Accounting Standards-15, "Employee Benefits" are given below :

(i) **Short Term Employee Benefits**

- I. The Company has provided for bonus amounting to Rs. 1,27,941/- (Previous year Rs. 54,720/-) for all its employees under the Payment of Bonus Act, which has been recognized in the Statement of Profit & Loss for the year.

(ii) **Long Term Employee Benefits**

The Company has classified the various Long Term Employee Benefits as under:-

I. Defined Contribution Plans

a) Employers' Contribution to Provident Fund/Pension Scheme

During the year, the Company has recognized the following amounts as expenses in the Profit and Loss Account –

| | 2018-19 Rs. | 2017-18 Rs. |
|---|------------------------|------------------------|
| - Employers' Contribution to Provident Fund/ Pension Scheme | 19, 692 | 29,862 |

37. **Segment Reporting**

The Company is primarily engaged in the business of trading in engineering goods and related items, which as per Indian Accounting Standard – 108 on 'Operating Segments' is considered to be the only reportable business segment. The Company is operating in India which is considered as a single geographical segment.

38. Disclosure of Related parties as per the requirement Ind AS 24

- a) Companies / Enterprises in which Key Management Personnel having significant influence and with whom transactions have taken place during the year and/or where balances exist:

i) Chandni Textiles Engineering Industries Limited

b) **Key Management Personnel:**

- i) Mr. Jayesh R. Mehta – Managing Director
ii) Mr. Bharat K. Shah – Director and Chief Financial Officer
iii) Ms. Ekta Kheria – Company Secretary & Compliance Officer

- c) Transactions during the year and Balance outstanding at the year end with related parties.

| Nature of Transactions | Key-management Personnel | | Companies/Enterprises in which Key Management personnel have significant influence | |
|---|--------------------------|------------|--|------------|
| | 31-03-2019 | 31-03-2018 | 31-03-2019 | 31-03-2018 |
| Sales | | | | |
| Chandni Textile Engineering Industries Ltd. | - | - | 33,06,360 | 23,60,000 |
| | | | | |
| Purchases | | | | |
| Chandni Textile Engineering Industries Ltd. | - | - | 72,03,900 | - |
| | | | | |
| Compensation Paid | | | | |
| Chandni Textile Engineering Industries Ltd. | - | - | 1,51,625 | 32,500 |
| | | | | |
| Compensation Received | | | | |
| Chandni Textile Engineering Industries Ltd. | | | 4,375 | - |
| | | | | |
| Director Remuneration | | | | |
| Mr.J.R.Mehta | 5,39,500 | - | | |
| | | | | |
| Salary & Bonus | | | | |
| Ms. Ekta Kheria | 1,58,411 | - | | |
| | | | | |
| Unsecured Loans taken | | | | |
| Mr. J.R Mehta | 58,50,000 | - | | |
| | | | | |
| Outstanding at the year end:- | | | | |
| i. Trade Payable | | | | |
| Mr.J.R.Mehta | 33,889 | - | | |
| Chandni Textile Engineering Industries Ltd. | | - | 2,80,81,394 | 16,225 |
| | | | | |
| ii.Other Payable | | | | |
| Chandni Textile Engineering Industries Ltd. | | | 55,50,064 | 55,50,064 |
| | | | | |
| ii. Trade Receivable | | | | |
| Chandni Textile Engineering Industries Ltd. | - | - | - | 23,60,000 |
| | | | | |
| iii. Unsecured Loan | | | | |
| Mr. J.R. Mehta | 58,50,000 | - | | |

39. Contingent liability and Commitments:
(i) Contingent Liabilities

(a) Claims against the Company not acknowledged as debts represent suits filed by parties and disputed by the Company Rs.22,58,385/- (Previous Year Rs.22,58,385/-)

40. The previous year's figures are grouped / regrouped or arranged / rearranged wherever necessary to make them comparable with the current period's figures.

As per our report of even date
For Ambavat Jain & Associates LLP.
Chartered Accountants
ICAI FRN No: 109681W

On Behalf of the Board

Ashish J.Jain
Partner
Membership No. 111829

J.R. Mehta
Managing Director

A.J. Mehta
Director

PLACE: MUMBAI
DATE:21-05-2019

Ekta Kheria
Company Secretary

Bharat K. Shah
Chief Financial Officer